INTERNATIONAL LIMITATION OF DANGEROUS DRUGS

by

JOHN D. FARNHAM

and

HELEN HOWELL MOORHEAD

with the aid of the Research Staff of the Foreign Policy Association

This publication is intended to present the chief considerations which will be in issue at the International Conference for Limitation of Narcotic Drugs in May 1931, and an analysis of the plans there to be considered, together with an explanation of the most important developments in the international movement to prevent the misuse of narcotic drugs.

INTRODUCTION

THE international movement to control the commerce in opium and coca leaves, and their derivatives such as morphine, heroin, and cocaine, is of interest not only to those specifically concerned with "opium," but also to all students of international relations. In no other field are governments making a similar attempt to control the production and distribution of articles of commerce. If the effort succeeds in the case of opium, it may lead to international control over other aspects of the world's economic life.

Opium comes from a certain variety of the poppy plant grown principally in India, China, Persia, Turkey, Greece and Jugoslavia.[1] In some parts of the Far East opium is chewed in its raw state; in others, it is prepared for smoking purposes.[2] These are its non-medical uses, permitted in some countries and forbidden in others. Medicinally opium is used in extracts, tinctures, and preparations, or as the raw material out of which are manufactured morphine and other chemical derivatives. From morphine, in turn, heroin (diacetylmorphine), dionin, codeine and other drugs are made.

Cocaine is derived from an entirely different plant, the coca leaf, which is native to certain South American countries, particularly Bolivia and Peru, and to Dutch Java.[3] The leaf itself is used extensively in South America for purposes of chewing. One of its alkaloids, cocaine, is extracted either directly, in the case of Peruvian leaves, or through an intermediate stage, in the case of Java leaves.

There are probably no drugs known to medicine more valuable than morphine and cocaine and their derivatives. On the other hand, there have been no drugs which have caused so much human suffering and degradation through their use by drug addicts. It is this non-medical use, and the illicit traffic catering to it, which narcotic drug legislation, national and international, is aimed to prevent. Prior to the last decades of the nineteenth century, before the properties of modern derivatives had become widely recognized, the smoking of opium was the principal abuse, and was primarily a problem of the Far East.[4] Today, however, the world is particularly concerned with the abuse of manufactured alkaloids, such as morphine, heroin, and cocaine, which are not only of foremost importance in countries of the western world, but the use of which is rapidly increasing in the Orient.

For some years previous to the enactment in 1912 of the first international opium treaty, or convention, individual countries had legislation prohibiting the use of narcotic drugs for non-medical purposes. As far back as 1909, it had become apparent,

1. Cf. John Palmer Gavit, *Opium*, (London, George Routledge and Sons, Ltd., 1925), chap. III; also Terry and Pellens, *The Opium Problem*, Committee on Drug Addictions and the Bureau of Social Hygiene, Inc., New York, 1928.
2. Cf. Gavit, *Opium*, cited.
3. *Ibid.*
4. Cf. Terry and Pellens, *The Opium Problem*, cited.

however, that domestic legislation, no matter how well enforced, would never alone be adequate to protect countries from the illicit sale and use of such drugs. The countries in which raw materials were produced were not themselves manufacturing derivatives. Manufacturing firms for this purpose had been established only in England, France, Germany, Holland, Japan, Switzerland and the United States. The result was that there were large and continuous international shipments of raw materials from producing to manufacturing countries, and of manufactured drugs from the latter to all parts of the world. This commerce, though essential to medicine, constituted one of the greatest dangers with which civilization was faced. These drugs, so small in bulk, but so great in value and demand, lent themselves very readily to smuggling by the most powerful and ingenious underworld rings. Hence the necessity for international action to limit the output and to control the movement of narcotic drugs.

PART I

THE HISTORY OF INTERNATIONAL DRUG CONTROL

On September 24, 1929, the Assembly of the League of Nations adopted a resolution[5] in which the Council was authorized to call a conference for the purpose of concluding an international agreement to limit the manufacture of narcotic drugs[6] to amounts necessary for medical and scientific purposes. Although, under the terms of this resolution, the conference was to be restricted to countries in which narcotic drugs were manufactured and to "the principal consuming countries in a number not exceeding that of the manufacturing countries," its scope was later broadened to include all nations.[7] The Conference is to convene at Geneva on May 27, 1931.

As a result of the recognition of the need for international agreements to control the commerce in these drugs, three international opium conventions are already in force. The first, the Hague Convention of 1912, was concluded at a conference held at the Hague.[8] The other two, commonly called the First and Second Geneva Conventions, were signed in conferences[9] held at Geneva from November 1924 to February 1925. Another conference is to convene at Bangkok in the autumn of 1931 to deal with the question of smoking opium.[10] Still later, a further conference may be held to provide for limiting the production of raw opium.[11] The May Conference, for the purpose of providing for direct limitation of drug manufacture, will, then, be one of a continued and undoubtedly continuing series, which has developed along lines dictated by the world's experience in the field of narcotic drug control.

In all these conventions the problem of opium prepared for smoking and eating has been treated apart from the problem of opium used in the manufacture of derivatives. For a number of reasons, the smoking and eating of opium and the chewing of coca leaves is not yet prohibited by the Conventions.[12] Consequently, the production of opium for these purposes must be permitted, although the same product is used in the manufacture of derivatives. The Conventions, however, do not recognize the right to use such derivatives as morphine or cocaine for any but medical or scientific purposes.[13]

THREE METHODS PROPOSED FOR OPIUM LIMITATION

Since anti-opium treaties were first agitated there have been three distinct schools

5. Cf. League of Nations, Advisory Committee on Traffic in Opium and Other Dangerous Drugs, *Minutes of the Thirteenth Session*, C.121.M.39.1930.XI., p. 37-38.
6. "Narcotic drugs" as used in this publication connotes only opium and coca leaves and their derivatives and preparations. Morphine, heroin and codeine are three of the principal derivatives of opium; cocaine and ecgonine, of coca leaves.
7. League of Nations, Traffic in Opium and Other Dangerous Drugs, *Report of the Fifth Committee to the Assembly*, Documents, A.78.1930.XI., September 29, 1930.
8. Cf. *Opium*, cited, p. 255.
9. *Ibid.*, p. 169-218.
10. League of Nations, Sixty-Second Session of the Council, *Minutes*, Council/62nd Session/P.V.6(1).
11. *Ibid.*
12. The Hague Convention, chap. II; also, First Geneva Convention. These Conventions appear in *The Opium Problem*, cited; *Opium*, cited; and Raymond Leslie Buell, "The International Opium Conferences," *World Peace Foundation Pamphlets*, Vol. VIII, Nos. 2 and 3 (World Peace Foundation, Boston, 1925).
13. The line of demarkation between raw materials, whether prepared for smoking or for eating, and their manufactured derivatives was emphasized by the separate treatment accorded them in the Conventions. Chapter II of the Hague Convention and the whole of the First Geneva Convention related exclusively to the problems of smoking and eating; the remaining chapters of the Hague Convention and the Second Geneva Convention are concerned with this matter only incidentally. Since the Limitation Conference to be held in May will deal only with manufactured drugs, the First Geneva Convention and Chapter II of the Hague Convention will receive no further mention.

of thought as to the proper method of limiting the use of narcotic drugs to medical and scientific purposes. By one group it has been argued that the world will not be successful in its efforts until it has reached an agreement whereby the amount of raw opium and coca leaves produced annually is restricted to quantities necessary to supply "legitimate" needs. A second group has argued that the political and economic difficulties inherent in any arbitrary attempt to limit production of raw materials are insurmountable for years to come; and that accordingly, efforts should be concentrated first on measures for a direct limitation of manufactured drugs to amounts necessary to satisfy the world's medical and scientific requirements. If such restrictions were enforced, the quantity of raw opium produced for purpose of manufacture would be reduced automatically. This system is followed by the United States, where legislation provides for direct limitation of manufacture by forbidding the importation of any manufactured drugs and by limiting the quantities of raw opium and coca leaves to be imported.[13a] The Commissioner of Narcotics, after receiving from the United States Public Health Service an estimate of the narcotic drug needs of the country, determines the quantity of raw materials which each of the manufacturers may import.

The third group agrees with the second that limitation of production is, for some time to come, a practical impossibility, but has until recently claimed that limitation of manufacture is both impracticable and unnecessary. Its contention has been that honest control of distribution and sale, national and international, would suffice within a reasonable time to reduce the illicit sale and consumption of narcotic drugs to a practical minimum.

EXISTING CONVENTIONS REPRESENT A COMPROMISE

The Hague and Geneva Conventions represent a compromise between these three schools of thought. They do not specifically require limitation of production of raw materials or direct limitation of amounts of drugs to be manufactured, but they do require control of production, and "limitation" of manufacture, distribution, and use of such drugs to the needs of medicine and science. The word "limitation," however, has been construed by almost all countries as meaning indirect rather than direct limitation. Governments, therefore, have concentrated their efforts on control of distribution. The proposed direct limitation convention is in no way to displace the Hague or Geneva Conventions, but is to provide that in addition to these measures for control of distribution, amounts of drugs manufactured must be directly limited to quantities sufficient to satisfy the world's medical and scientific requirements.

DIFFICULTIES INVOLVED IN CONTROL OF DISTRIBUTION

Before considering plans for direct limitation, it is important to have a clear picture of the difficulties involved in controlling distribution of narcotic drugs. If the amount of drugs to be manufactured is limited, it is manifestly vital that the world's drug supply for medical purposes be carefully safeguarded by an adequate system of distribution control. For, if drugs manufactured for legitimate purposes are diverted into illicit channels there will be a shortage in the legitimate market. "Control" involves a complicated and meticulously detailed system of administration. First, consignments of raw products shipped from producing to manufacturing countries must be supervised. Government authorities of both countries must be aware that such shipments are being made and to whom they are being made, and must be acquainted with their size and with the quality of the materials involved. Then, there must be a system whereby the proper authorities in every manufacturing country may know the exact quantity of derivatives obtained from the raw materials by each of its manufacturers. Sales within the country must be restricted to authorized dealers, records must be required of both buyer and seller, and reports of all transactions must be submitted to the administrative authorities. The right to sell at retail must be limited to pharmacists only upon physicians' prescriptions, with certain exceptions. While the largest "leaks" into

13a. United States legislation commenced with the Act of December 17, 1914. For the present status of American laws, cf. *An Act to create in the Treasury Department a Bureau of Narcotics and for other purposes* (Washington, Government Printing Office, 1930). This act went into effect on July 1, 1930.

illicit channels have occurred in the manufacturing and wholesale stages, experience has shown that when retailers are not adequately supervised amazing quantities of drugs can be diverted by them to the illicit traffic. Even dispensing by physicians, hospitals, dentists and veterinarians must be closely supervised. In short, control of the legitimate commerce in narcotic drugs requires that there be available to every government, a record of every grain of narcotic drugs imported, manufactured, sold or exported by its dealers.

LEAKS CREATE NEED FOR LIMITATION MEASURES

If it were possible to supervise the distribution of narcotic drugs so carefully that no sale could possibly be made by manufacturer, wholesaler or retailer except for strictly medical or scientific purposes there would be no need of a convention providing for direct limitation of manufacture. The manufacturers, because of the law of supply and demand, would limit their output to amounts they could sell to the licit market. Actually, however, there can be no doubt that the amounts manufactured far exceed those necessary for medical purposes. This excess of manufacture measures the extent of failure to control distribution. In working out a system of limiting manufacture to "medical and scientific purposes," allowance must be made for a temporary diversion into illicit channels, so as to prevent a shortage in supplies available for legal consumption. A direct limitation convention, by gradually reducing the surplus available for illicit purposes, will decrease the amount of drugs to be "policed," and so will facilitate more effective control over distribution.

Having attempted to present in a general way the problems of control of distribution and their relation to direct limitation of manufacture, let us consider briefly the provisions of the existing conventions, their development through League of Nations organizations, and the reasons why they have proved inadequate to cope with the illicit traffic.

THE HAGUE CONVENTION OF 1912

The Hague Convention of 1912 requires that effective legislation be enacted to "control" the production and distribution of raw opium. No standard is fixed showing to what extent and how control is to be exercised. The manufacture, sale, and use of manufactured derivatives, however, are to be limited exclusively "to medical and legitimate purposes," and the contracting parties are to cooperate to prevent the use of these drugs for any other purposes. It is not specified whether limitation should be by direct or by indirect measures.[14] The Convention provides further that manufacture be limited to those establishments which have been specially licensed for the purpose, or at least that governments keep a record of all manufacturing firms. All persons engaged in manufacture, import, sale or export of narcotics are to be specially licensed, or required to make official declaration to the authorities that they are so engaged, and they must be made to keep records of quantities manufactured, imported, sold, purchased, or exported. Exports are to be allowed only to persons furnished with the licenses or permits provided for by the laws of the importing country; and the contracting powers are to communicate to each other, through the Netherlands government, the texts of the existing laws and regulations respecting the matters referred to in the Convention, and to furnish statistical information regarding trade in all the drugs covered by the Convention.

It can readily be seen that the Hague Convention was a declaration of principles rather than an instrument outlining details of control. There was room for differences of interpretation on almost every obligation, and no international administrative organ was created, nor were means provided for developing a uniform international reporting system or other cooperative administrative measures.

OPIUM ADVISORY COMMITTEE CREATED BY THE LEAGUE

In part because of the World War, governments were slow to ratify the Hague Convention. Consequently a clause was inserted in the peace treaties requiring its

14. No government, according to the generally accepted interpretation of the Convention, was required to limit directly the amount of drugs handled by manufacturers or dealers.

ratification by all signatories.[15] Furthermore, the Covenant of the League of Nations[16] charged the League with the duty of acting as intermediary, as far as member countries were concerned, for receiving communications called for by the Hague Convention. In 1920 the League created an Advisory Committee on Opium and Other Dangerous Drugs, to supervise the carrying out of the treaty, to collect pertinent information and to suggest improvements for more effective regulation of traffic.[17]

The Advisory Committee holds meetings annually and sometimes more frequently. In part due to its activities, more than forty nations had ratified the Convention by November, 1924. In the meantime, the Committee had suggested the adoption of a number of uniform legislative and administrative measures by the nations of the world for the purpose of combating the illicit traffic more effectively. Chief among these was the so-called "import and export certificate system," which, in 1924 when the Geneva Conference convened, was in force in twenty-nine countries.[18] This system provides that no import or export of drugs covered by the Convention may be made legally without an official permit from a central government authority, in most cases the Ministry of Public Health. Furthermore, no export permit may be granted unless the applicant submits the import permit issued to the prospective importer by the proper governmental authority in the country to which the consignment is destined.

THE GENEVA CONFERENCES OF 1924-1925

An important consequence of the creation of the Advisory Committee was the publicity it gave, as a result of its meetings, to the enormous extent of the illicit traffic and the ways in which the provisions of the Hague Convention were being circumvented. It soon became apparent that the Convention itself was inadequate. Nations were construing its terms differently, some strictly and some liberally. The illicit traffic was flourishing. As a result of these unsatisfactory developments the Second Geneva Conference was called by the League for the purpose of examining "with a view to the conclusion of an agreement, the question of limitation of the amounts of morphine, heroin, or cocaine and their respective salts to be manufactured; of the limitation of the amounts of raw opium and coca leaf to be imported for that purpose and for other medicinal and scientific purposes; and of the limitation of the production of raw opium and the coca leaf for export to the amount required for such medicinal and scientific purposes. . . ."[19]

At this conference proposals by the American delegation for limitation of production of raw materials, and by the Opium Advisory Committee for *direct* limitation of manufactured drugs were defeated.[20] The agreement finally adopted, called the Second Geneva Convention, merely reiterated the principle of indirect limitation embodied in the Hague Convention of 1912. Nevertheless the Geneva Convention did represent several practical improvments over the 1912 agreement, chief among which were the inclusion of the import and export certificate system and the creation of a Permanent Central Board. This Board was charged with the duty of watching the course of the international traffic in narcotic drugs, including the amounts of manufacture, import, export, seizures, consumption, and stocks, and was endowed with the unusual power to ask for explanations from any country which appeared to be accumulating excessive stocks or in danger of becoming a center of the illicit traffic; and if the explanations were unsatisfactory, to recommend against such country a boycott of exports to it of any drugs covered by the Convention. The Board, which was established in 1928, has not had occasion to use these powers.

ILLICIT TRAFFIC CONTINUES DESPITE CONVENTIONS

While today fifty-seven countries have ratified the Hague Convention, and forty-

15. Cf. Treaty of Versailles, Article 295; Treaty of St. Germain, Article 247; Treaty of Trianon, Article 230; Treaty of Neuilly, Article 174; Treaty of Lausanne, Article 100.
16. Article 23.
17. The resolution creating the Advisory Committee was passed by the Assembly on December 15, 1920. Cf. Buell, "The International Opium Conferences," cited, p. 77.
18. Cf. League of Nations, Advisory Committee on Traffic in Opium and Other Dangerous Drugs, *Minutes of the Sixth Session*, C.397.M.146.1924.XI., p. 72.
19. Cf. League of Nations, *Records of the Second Opium Conference*, C.760.M.260.1924.XI., Vol. I, p. 73; and *The Opium Problem*, cited, p. 687.
20. For discussion of these proposals cf. *Records of the Second Opium Conference*, cited, Vol. II, p. 136-138. The report of this conference on the objections raised against limitation of manufacture is printed in this study as *Annex 10, Report*, because it is expected that the same objections will be raised again at the May 1931 Conference.

two have ratified the Geneva Convention,[21] there is convincing evidence that the illicit traffic has continued unabated. An astounding number of seizures of quantities of cocaine, heroin, and morphine, ranging from two hundred pounds to three-quarters of a ton, have been made during the past three years, and some of them during the past six months. In some of these cases, the evidence disclosed that the consignments seized were merely parts of series of successfully engineered transactions.[22]

Reasons for the continued thriving of the illicit traffic in the face of laws and treaties are roughly attributable to deficiencies:

1. in the existing international conventions,
2. in national legislation (due in the case of certain countries to failure to ratify the Conventions; of others, to failure to carry out their obligations under the Convention),
3. in the enforcement of national legislation (due in part to the huge surplus stocks of drugs over which control should be exercised).

THE FAILURE TO CONTROL ALL OPIUM "DERIVATIVES"

Both the Hague and Geneva Conventions provided for exemption from certain of their provisions of preparations containing morphine in proportions not exceeding 0.2 per cent or containing cocaine in proportions not exceeding 0.1 per cent. Furthermore, the Hague Convention does not require its signatories to control the "derivatives" of morphine[23] or cocaine, unless and until they are shown "by scientific research, generally recognized, to be liable to similar abuses and productive of like ill effects" as the morphine or cocaine from which they are manufactured; and the Geneva Convention does not require control of any of these "derivatives" until the Health Committee of the League "after having submitted the question for advice and report to the Permanent Committee of the *Office international d'Hygiene publique*," reports to the Council of the League that the specific drug in question should be included in the Convention. It is then included only as to the countries which notify the Secretary-General of their acceptance of the Health Committee's recommendation.

The reason for these exemptions or provisional exemptions was that many preparations containing very small quantities of morphine or cocaine are not generally considered habit-forming or dangerous. To have included them in the conventions would have resulted in considerable expense and red tape. The same is true of certain "derivatives," which are not all necessarily habit-forming. On the other hand many "derivatives" are habit-forming and are just as dangerous as the drugs from which they are made.

For two reasons the provisions in the conventions for the subsequent inclusion of these preparations or derivatives are inadequate. In the first place, manufacturers may falsely report that they are converting large quantities of morphine or cocaine into "exempts." It will always be most difficult for governments to check up on these statements accurately. In the second place, the procedure outlined in the conventions for including "derivatives" that may be generally recognized as dangerous is, in the case of the Hague Convention, totally inadequate, and, in the case of the Geneva Convention, cumbersome and time consuming. The former convention leaves it exclusively to each individual country to decide whether any given derivatives should be subject to control. The latter provides a method under which the League recommends inclusion of derivatives that are considered dangerous, but experience has shown that it takes a long time after such drugs are first put on the market, before the steps outlined by the Geneva Convention can actually be completed. In the meantime, these drugs, no matter how dangerous, are manufactured and sold without being subject to any control.

"ESTERS" WERE LOOPHOLE FOR DRUG MANUFACTURERS

The way in which manufacturers have been able to take advantage of the loopholes left in the Conventions through these provisionally exempt drugs is most clearly illustrated in the case of the morphine "esters."[24] Heroin (diacetylmorphine) was specifically included in the conventions, but

21. Cf. League of Nations, Permanent Central Opium Board, *Eighth Session*, C.C.P.69(1)., January 6, 1931.
22. Cf. League of Nations, Advisory Committee on Traffic in Opium and Other Dangerous Drugs, *Minutes of the Twelfth Session*, C.134.M.149.1929.XI., p. 315-324.
23. Heroin, a derivative of morphine, is specifically included in both the Hague and Geneva Conventions.
24. "Esters" are defined "as any compound formed from an alcohol and an acid by the removal of water. . . ." Cf. W. A. Newman Dorland, *The American Illustrated Medical Dictionary* (Philadelphia, Saunders, 1922, eleventh edition).

the other esters, though "derivatives" of morphine, were not. Manufacturers, parceeded to put such esters as benzoyl-morphine on the market in tremendous quantities, because their manufacture and distribution was not subject to the narcotic drug laws of their countries. Many of these drugs are as dangerous and rapidly habit-forming as morphine, and furthermore the morphine can be recovered from the ester by a relatively simple chemical process.[25]

Although such drugs have been on the market for several years, it was not until 1929 that the Council of the League, under the provisions of the Geneva Convention, recommended their inclusion in the Convention. In 1930, Germany and Switzerland accepted this recommendation and subjected the esters to their narcotic drug legislation.[26] While the esters are now perhaps no longer a problem, there is nothing in the convention to prevent manufacturers from inventing new "derivatives," and if after a few years they are put under control, still others may well appear on the market.

SHIFTING CENTERS OF ILLICIT TRAFFIC

So far as the illicit traffic in morphine, heroin, or cocaine is concerned, the smugglers naturally have sought as sources of supply the countries whose legislation was weakest. Prior to 1921, factories in almost all the manufacturing countries, including the United States, were unquestionably responsible for shipping large quantities which found their way into the illicit traffic. France, Germany, Great Britain, Holland, Japan, Switzerland and the United States were the only countries in which morphine or cocaine were manufactured. At about that time, the English and the United States governments enacted more effective legislation, and for a time most of the large cases of smuggling in which sources were traced were attributable to firms in Germany, Switzerland or Japan.

Although both Switzerland and Germany had ratified the Hague Convention by the summer of 1925, and had adopted legislation which substantially satisfied its requirements, no resulting improvement was noticeable for several years, due in part to the manufacture of esters, and in part to the policy adopted by the governments of permitting shipments of enormous quantities of narcotics to countries like France and Holland, neither of which had then put the import certificate system into force. In other words, the Swiss and German governments permitted exports although the exporters could not produce import permits from the importing countries in question. In France and Holland it was relatively easy to divert the drugs into illicit channels, for drugs could be exported legally though under circumstances which made illicit their importation into countries of destination.

By 1927 and 1928 the smugglers had turned to Holland and France for large quantities of the drugs covered by the Convention. Holland adopted more adequate laws in 1928,[27] and for a year or so the most startling transactions were shown to have originated in France. A new French law came into force in 1929[28] putting into effect the import certificate system, thus presumably making it far more difficult for smugglers to obtain the drugs from France.

With the information that a new law was to go into effect in France came the news of the birth of a vigorous drug manufacturing industry in Turkey of proportions which at first were considered disturbing and within a year had advanced to an alarming extent. Turkey has not ratified either the Hague or the Geneva Conventions, although specifically bound to ratify the former under the Treaty of Lausanne.[29] Literally tons of drugs have been exported by Turkish dealers in the past eighteen months under circumstances which led the Conference of Drug Manufacturing Countries held in London in October and November 1930[30] to say that "so far as is known no part of the output, of these [Turkish] factories is applied for *bona fide*

25. For discussion of the subject of esters at the Eleventh Session of the Opium Advisory Committee, cf. League of Nations, Documents, cited, C.328.M.88.1928.XI., p. 36-38.

26. For letter of the Secretary-General of the League of January 11, 1929, cf. League of Nations, Health Organization, *Document*, C.H.840 (C.L. 21. 1930. III. Annex) 21(a), Geneva, February 3, 1930. Switzerland's acceptance is recorded in the same document. For Germany's acceptance of the recommendation, cf. League of Nations, Documents, cited, C.121.M.39.1930.-XI., p. 14-15.

27. Cf. League of Nations, Documents, cited, *Minutes of the Thirteenth Session*, cited, p. 249. These laws went into effect on October 1, 1928.

28. *Ibid.*, p. 231.

29. Cf. p. 23, n. 15.

30. Cf. p. 29.

medical and scientific purposes."[31] Once again the tendency of the illicit traffic to find the weakest link has been clearly illustrated.

The impression might be gained from the foregoing that all countries in which the legislation required by the conventions had been put into force, have been successful in putting an end to the illicit traffic which previously had originated within their boundaries. This is by no means true. Narcotics have been diverted into illicit channels even in the few countries where legislation for some time has been fairly satisfactory.[32] The failure of countries to put an end to this flagrant situation in spite of existing treaties and laws is the reason why the League of Nations has called the May Conference to attack the problem from a different angle—that of direct limitation of manufacture.

PART II

PROPOSALS FOR LIMITATION OF DRUG MANUFACTURE

The three most important methods of direct limitation of manufacture so far advanced for consideration at the May 1931 Conference are: (1) The Plan prepared by the Advisory Committee on Opium and Other Dangerous Drugs of the League of Nations, hereinafter referred to as "The Share Plan," or the "Plan"; (2) The Scheme of Stipulated Supply[33]; and (3) Government Monopoly. In the sections which follow, these plans will be discussed briefly.

THE ADVISORY COMMITTEE PLAN FOR DIRECT LIMITATION

At the request of the 1929 Assembly of the League, the Advisory Committee, at the January sessions at Geneva, prepared a plan for direct limitation of the manufacture of narcotic drugs to amounts necessary for medical and scientific purposes.[34] In preparing its plan, the Advisory Committee had to deal principally with the following problems:

A. The best method of ascertaining the world's annual medical and scientific needs.
B. The advisability of including in the Convention all derivatives of opium and coca leaves, including those not subject to control under the Hague and Geneva Conventions.
C. The share of the world quota to be manufactured in each country.
D. The devising of means for modifying the world quota and the shares of manufacturing countries.
E. The establishment of provisions under which countries not now manufacturing for export may do so in the future, and for the consequent revision of pre-existing shares.
F. The advisability of provisions for economic pressure against countries which do not adhere to certain of the fundamental terms of the Limitation Convention.
G. The means to be adopted for the purpose of insuring that no country manufacture more than its allotted share.
H. The insurance of such control of manufacture and distribution that the quantities manufactured are available at reasonable prices to those legitimately entitled thereto, and are not available to the illicit traffic.
J. The appointment or designation of an international board to perform certain administrative functions outlined in the plan.

A tentative draft was prepared by the Advisory Committee at its session in January 1930, which provided that in order to secure direct limitation the proportion of the total amount of drugs to be manufactured by each of the manufacturing countries should be determined beforehand by agreement between such countries.

The London Conference of Manufacturing Countries

At the suggestion of the Committee, a preliminary conference of drug manufacturing countries was held at London in October-November 1930[35] so that the governments of manufacturing countries (or the manufacturers themselves, many of whom were in attendance at the conference) could determine, if possible, the shares to be manufactured in each country, and could suggest suitable plans for insuring proper distribution of the drugs. The conference, however, failed to

31. Cf. League of Nations, Documents, cited, *Report of the Preliminary Meeting of the Official Representatives of Manufacturing Countries*, C.669.M.278.1930.XI., p. 6.

32. For a number of years, however, no appreciable quantities of drugs either of United States or British origin have been seized in the illicit traffic.

33. Often erroneously called "The American Plan," and sometimes referred to as "The Crane Plan" or "The Blanco Plan."

34. League of Nations, Conference on the Limitation of the Manufacture of Narcotic Drugs, *Report and Draft Convention on the Limitation of the Manufacture of Narcotic Drugs*, C.168.M.62.1931.XI., p. 12-21. Cf. also Appendix, *Annex 1.*

35. Delegates were present from France, Germany, Great Britain, Holland, Italy, India, Japan, Switzerland, Turkey, the U.S.S.R. and the United States.

arrive at any definite decision on the share of the world quota to be allotted to each manufacturing country.

In January 1931 the Advisory Committee considered its original plan of 1930 as well as the report of the London Conference and made a number of amendments, which were submitted to the Council of the League, along with a report elucidating the plan, and presenting the views of certain countries on points where agreement was only provisional.[36] The plan contains blanks in the sections relating to certain questions on which not even provisional agreement could be reached. Among these are most of the controversial issues, including that of the apportionment of shares of the world quota among manufacturing countries.

Nine Problems Confronting the Opium Advisory Committee

For purposes of convenience, the nine principal problems involved in the Advisory Committee Plan[37] will be discussed in order.

Problem A: *The World's Medical and Scientific Requirements of Narcotic Drugs.*

To fix the total amount of narcotic drugs to be manufactured annually, the Advisory Committee Plan requires the contracting parties to submit annually to the Permanent Central Board established by the Geneva Convention estimates of their needs for domestic consumption for the following year.[38] If any country, whether party to the Convention or not, fails to submit its estimate by a specified date one is to be submitted for it by a competent authority to be constituted by the Convention.

It is not to be expected that these estimates will be accurate at first, since extensive and reliable surveys of consumption have not been undertaken anywhere. For the most part, the so-called "consumption" figures heretofore submitted to official organs of the League have been compiled from commercial import, manufacture, and export figures or merely from manufacturers' reports. That this represents part of the illegitimate as well as the legitimate consumption cannot be questioned, since an unascertainable quantity of drugs is diverted to the illicit traffic. As reliable surveys are undertaken to determine legitimate requirements, and as amounts diverted to the illicit traffic are decreased, the total estimated needs on which the world quota will be based will represent more accurately the world's medical and scientific requirements.

Problem B: *Inclusion of all derivatives and Preparations of Opium and Morphine, Coca Leaf and Cocaine.*

The contention has been made that the limitation plan should include all derivatives of opium and morphine, coca leaf and cocaine, including codeine and other derivatives of morphine not subject to the Hague and Geneva Conventions.[39] It is argued that if manufacturers may produce all the morphine they please for conversion into codeine or other derivatives, there will be no effective limitation on the manufacture of morphine, but a limitation only on the quantity of morphine manufactured for sale as such. During the past few years, the manufacturers have reported that approximately two-thirds of the morphine produced has been converted into codeine and other exempt derivatives and preparations. In any case, apart from the question of inclusion in the convention of all derivatives, certain governments urge that codeine should be included.

To subject all derivatives and preparations to the Limitation Convention would presumably mean that governments would have to submit advance estimates of their needs of each, which in view of the great number of derivatives and preparations, would be a difficult and burdensome task.[40] Accordingly a suggestion was sent to the Advisory Committee by the Permanent Central Board that the Geneva Convention should be amended to include all narcotic drugs except those which might be reported as harmless by the Health Committee of the League, after consultation with the Permanent Committee of

36. League of Nations, Advisory Committee on Opium and Other Dangerous Drugs, *Report to the Council*, C.115.1931.XI., January 22, 1931.

37. Cf. p. 34-45 for text of Plan.

38. Article 3; cf. Appendix, *Annex 1.*

39. Cf. League of Nations, Sixty-Second Session of the Council, *Minutes*, Council/62nd.Session/P.V.9(1)., January 24, 1931.

40. Care must be taken not to confuse the question of (a) controlling *all* derivatives under the Geneva Convention, and of (b) limiting their manufacture under a limitation convention. Those who object to a plan of limitation which would include *all* derivatives point out that there are hundreds of preparations and that many of them are made in those countries classed as non-manufacturing; that it is a practical impossibility to fix quotas for each preparation and to get estimates in advance including them; and that it is quite sufficient to limit the manufacture of the narcotic drug that is contained in these preparations; namely, morphine or cocaine

the *Office international d'Hygiene publique.* This amendment merely involves a reversal of the procedure defined in Article 10 of the Geneva Convention and would place the burden of proof on the manufacturer before he could market any new drug.[41]

The majority of the Advisory Committee, however, was opposed to including in the plan any of these derivatives or preparations, except those which are or may be included in the Geneva Convention in accordance with Article 10. The reason given for this stand was that the medical profession "would not consent to any limitation of the manufacture of codeine [for example] which is harmless in itself" on the ground that such limitation would be unduly burdensome. The Committee agreed, however, that the manufacture, import, export, and wholesale trade in these exempt substances should be controlled, to insure that amounts of morphine or cocaine reported as being converted into exempts were actually so converted. For that purpose countries which manufacture morphine or import morphine for the purpose of converting it into exempt derivatives are required by the Plan to furnish an annual estimate of the amounts to be manufactured or imported for that purpose.[42] Moreover, all countries are required to apply certain of the provisions of the Geneva Convention relating to licenses, export and import certificates and records, to all derivatives of morphine to which that Convention does not apply. The Committee felt that these measures should be adequate to prevent manufacturers from reporting that they have converted large quantities of morphine into codeine and other "exempts," when, in fact, they have not done so.[43] Critics declare, however, that control measures alone, without direct limitation of manufacture, will not be effective.

When considering the report and the Plan of the Advisory Committee, the Council adopted a resolution submitted by the Spanish delegate instructing the Secretary-General of the League of Nations to add a passage to the circular letter in which he was to communicate to governments the text of the Advisory Committee Report and of its Draft Convention, suggesting that the delegates to the May Conference be in a position to discuss the limitation of manufacture of all derivatives of opium and coca leaves, as well as the distribution of the quantity limited by the future convention.[44]

Problem C: *The Apportionment Among Manufacturing Countries of their Respective Shares of the World Quota.*[45]

At the Preliminary Conference of Drug Manufacturing Countries held in London, October-November 1930, to determine ratios, no agreement could be reached because of the claim of Turkey to a share representing one-third of the world quota, and because the Japanese delegation was unwilling to make any recommendation which would not give equitable shares of the world quota to all manufacturing countries, including those not now having any export trade.[46] Attempts to reach agreement on this matter have not yet been successful, so the Advisory Committee Plan contains no solution.

It has been generally assumed that the shares of manufacturing countries would be based on their past legitimate business. To determine what part of the past manufacture and sale has been legitimate is difficult, but since agreement was reached at London by the manufacturers themselves as to the percentage of the world quota to be allotted to each manufacturing country except Japan and Turkey, this difficulty would not seem to represent an insuperable obstacle. To meet the objections of the Japanese, the Advisory Committee Plan provides that countries which now manufacture solely for their own consumption, and are accordingly given no share of the world quota, may fill all legitimate orders for export that they receive during any year, in amounts not to exceed those manufactured for domestic consumption. Such countries may then import quantities equal to those exported to prevent a shortage in the stocks for necessary home consumption.

The real stumbling block is the share de-

41. Cf. p. 24-25.
42. Regulations, chap. I; cf. Appendix, *Annex 1.*
43. Cf. discussion on p. 24-25.

44. League of Nations, Sixty-Second Session of the Council, *Minutes* (Ninth Meeting), cited, January 24, 1931.
45. "World Quota" as used in this publication refers to the amount of drugs to be manufactured *and* exported. Every country is free to manufacture all the narcotic drugs necessary to supply its needs for domestic consumption.
46. Cf. League of Nations, Traffic in Opium and Other Dangerous Drugs, *Report of the Preliminary Meeting of Official Representatives of the Manufacturing Countries,* C.669.M.278.-1930.XI., p. 4.

manded by Turkey. Although there had been almost no manufacture in Turkey before 1929, in 1930 exports at the annual rate of almost fourteen tons of narcotics were reported. The other manufacturing countries have been unwilling to concede Turkey any share of the world quota, claiming that she has had no past legitimate business to furnish the basis for a claim, since practically all of the drugs manufactured there for export have gone into the illicit traffic.[47]

On the other hand, at the Advisory Committee meeting in January, the Turkish representative stated that Turkey, as an opium producing country, would consider arbitrary any attempt to exclude it from the allocation of manufacturing shares because certain factories established in its territory may have engaged in illicit transactions. The delegate therefore demanded that Turkey be given a "fair" share of the world quota.[48] This discussion led the delegate from Jugoslavia to assert that if Turkey were given a share, one should be allotted also to his country since opium is produced there as well.[49]

In addition to the proposal that shares of the world quota be based on past legitimate business, other bases have been suggested, some officially and some unofficially, upon which amounts to be manufactured annually by each nation could be fixed. Among them are the following:

A. The fixing of shares might be postponed for one, two, or three years, and at the end of that time be based on the legitimate business transacted during the intervening years.[49a]

B. The world quota might be divided among the countries which are able to agree on their relative shares, and a Central Body be given the power to take from them a pro-rata proportion not to exceed a stated amount. This could then be given to countries having no allotted shares, to the extent to which they could show legitimate orders for such quantities.

C. Shares might be fixed excluding any country or countries with whom agreement cannot be reached.

D. The "share" or "quota" system might be discarded and provision be made that all governments, when submitting their annual needs for narcotics, should specify the countries from whom they intend to make their purchases. Amounts to be manufactured in each country could then be determined by the totals of these specifications.[50] This is the idea embodied in the "Scheme of Stipulated Supply."

Problem D: *Means for Modifying Shares of Manufacturing Countries and the World Quota.*

Provision is made in the Advisory Committee Plan[51] for a revision every two years of the manufacturing shares at the request of the government of any manufacturing country. Notice of such request must be given to the Secretary-General of the League for communication to the governments of the other manufacturing countries. A conference must be held by such countries at a date not less than one month or more than three months after receipt of the notice from the Secretary-General. In case the conference does not result in agreement within three months, disputed matters must be submitted to an arbitrator or arbitrators appointed by the President of the Permanent Court of International Justice.

The Advisory Committee Plan avoids interference with the principle of freedom of trade so far as is practicable. While the manufacturing countries are bound not to manufacture more than a specific share, they are free to supply all legitimate orders which they can obtain. During the two years they may have to import from other manufacturing countries enough drugs to fill orders for which they have not sufficient supplies; these orders may nevertheless be used as a basis for increasing their shares at the end of each two year period. At the same time buying countries are left free in the choice of their suppliers, although for a time they may have to be satisfied with drugs manufactured in countries other than those to whom their orders are addressed.[52]

The modification of the world quota is automatic, since that quota is determined annually by the estmates of needs submitted by, or for, all countries. The shares represent proportions of this world quota and not specific quantities of drugs.

47. *Ibid.*, p. 6.
48. Cf. League of Nations, Advisory Committee on . . . Opium . . . , cited, p. 6.
49. *Ibid.* p. 8.
49a. As evidenced by import and export certificates approved by a central administrative authority.
50. This plan would avoid the difficulties inherent in attempts to fix shares, for example, in accord with the claim of Turkey of the right to participate in the world quota. Were Turkish dealers able to obtain legitimate orders, they could manufacture enough drugs to fill such orders. Cf. p. 28.
51. Articles 9-10; cf. Appendix, *Annex 1.*
52. Article 10; cf. Appendix, *Annex 1.*

Problem E: *The Establishment and Provisions Under Which Countries Not Now Manufacturing for Export May Do So.*

Provisions for the allocation of shares to countries not manufacturing at the time when the Convention comes into force are also included in the Plan.[53] Countries wishing to begin manufacture for domestic consumption only, may do so without hindrance. The shares of the other manufacturing countries will be reduced accordingly. Countries proposing to manufacture for the export market, however, must give notice to the Secretary-General of the League, who shall notify the countries already having shares and shall arrange for negotiations to determine the amount of the new shares, under the same conditions as those described under "D."

Critics of this plan have claimed that it will result in the creation of monopolies in favor of the existing manufacturing countries, and that the procedure and the negotiations provided for can hardly be expected to result in agreement. While it can be seen readily that countries will be loath to accept a reduction in their own shares to give a part to new countries, it is felt, however, that the final provision for arbitration is a sufficient safeguard.

Problem F: *Sanctions.*

It is essential to consider whether the purpose of the proposed Convention for direct limitation of manufacture will be defeated if some one or more of the manufacturing countries refuses to be a party to it; or, if countries not now manufacturing undertake to do so in the future and are unwilling to ratify the Convention.

The Advisory Committee Plan takes care of the first possibility by providing that the Convention shall not come into force until a certain number of governments have ratified, including all the countries which manufacture for the export market.[54]

It has been suggested that the Convention should outline means of bringing economic pressure to bear after the Convention comes into force. This could be done by an article providing that no party to the Convention should import narcotic drugs from, or export narcotic drugs to, a country which does not ratify the Convention and adhere to its provisions.[55]

The Jugoslav delegate on the Advisory Committee has proposed for consideration at the May Conference an embargo against imports of narcotics from countries which do not exercise control over the traffic in narcotic drugs in *accordance with the Geneva Convention.*[56] A slightly different proposal was made by the Permanent Central Board[57] to the effect that its power under the Geneva Convention to recommend an embargo on exports to any country which accumulates excessive stocks of narcotics or is in danger of becoming a center of the illicit traffic, be extended to include a power to recommend an embargo on imports from such countries.

Although none of these sanctions were included in the Plan, the Committee decided to leave the question of the Jugoslav amendment for settlement by the May Conference. The Permanent Central Board suggestion may also be presented at the Conference.

Problem G: *Means to be Adopted for the Purpose of Insuring that no Country Manufacture More than Its Allotted Share.*

While the Advisory Committee Plan provides that no country shall manufacture more than its allotted share,[58] no specific method is prescribed for insuring that its dealers comply with this mandate. The British and American plans for direct limitation of manufacture, suggested for consideration by the Geneva Conferences in 1924-1925, provided that each manufacturing country should limit imports of raw materials to amounts necessary for the manufacture of its share of the world quota, and that amounts of raw opium and coca leaves produced *for export* should be limited to similar amounts.[59] The United States has adopted the plan of restricting imports of raw materials and has found it an invaluable aid in limiting its manufacture to legitimate amounts. It is, therefore, possible that provision for limiting imports of raw materials

53. Articles 8-11, inclusive; cf. Appendix, *Annex 1.*
54. Article 21; cf. Appendix, *Annex 1.*
55. Cf. provisions for sanctions in the Second Geneva Convention outlined in Part II, p. 26.
56. Cf. League of Nations, Advisory Committee on . . . . Opium, cited, *Report to the Council,* cited, p. 15.
57. *Ibid.,* p. 16.
58. Article 13; cf. Appendix, *Annex 1.*
59. Cf. League of Nations, *Records of the Second Opium Conference,* cited, p. 375-378; 384-390.

will be suggested at the May Conference for inclusion in the Convention.

Problem H: *The Insurance of Such Control of Manufacture and Distribution that the Quantities Manufactured are Actually Available, at Reasonable Prices, to those Legally Entitled Thereto.*

If the quantities of drugs manufactured are to be reduced to amounts necessary for medical purposes, control of the distribution of such quantities must be adequate to prevent them from being diverted into illicit channels; otherwise, a shortage might result in the legitimate market. The Advisory Committee recognized this and provided in the Plan that all countries, whether or not parties to the Geneva Convention, should exercise control in accordance with certain chapters in the Geneva Convention.[60] These chapters include the licensing, recording and reporting requirements of the Convention, the import and export certificate system, and the provisions under which all parties undertake to submit periodically to the Permanent Central Board figures showing production of raw materials, imports, exports, manufacture, consumption, stocks and confiscations of narcotic drugs.

The re-export trade presents further difficulties to the proper control of distribution. If countries are free to import unlimited quantities because of the possibility of receiving orders for re-export, large accumulations of surplus stocks may result. Furthermore, any diversion from the direct channel between manufacturing and consuming country adds to the danger of leakage into the illicit traffic. Therefore, the Advisory Committee included the following provision in its Plan:

> Imports for the purpose of re-export may be made by countries in which there is no manufacture for the export market only under the following conditions:
>
> 1. A special import certificate must be issued by the importing country signifying that the consignment is intended for re-export.
> 2. The total amount of drugs imported into any country annually for the purpose of re-export shall not exceed the total estimated needs of such country for consumption and conversion, except that:
> 3. If any country wishes to import for purposes of re-export a quantity greater than that measured by its total estimated needs for domestic purposes, it may do so, if an import certificate is *first* issued by the country to whom re-export is intended. On receipt of this import certificate, the country wishing to re-export must, of course, issue the special import certificate provided for in "1" stating that the consignment is to be re-exported.[61]

The League Assembly charged the Advisory Committee to suggest means to forestall an unreasonable increase in the price of narcotic drugs due to the limitation agreement. The Belgian delegate on the Advisory Committee suggested that the prices of the various products should not be allowed to rise to a level more than twenty-five per cent above the average prices for three years previous to the introduction of the quota system, unless manufacturers could give reasons for a greater increase which would satisfy a designated authority. The principal questions which arose in the discussion were:

1. Whether there should be a body responsible for controlling prices; or
2. Whether prices should be fixed internationally on the basis of prices in the United States; or
3. Whether a sliding-scale system should be introduced whereby the price of the manufactured article would vary with the price of the raw material; or
4. Whether a list of maximum prices should be agreed on, which should not be exceeded except after reference to, and with the approval of, an organ of the League, or of an arbitrator or arbitrators appointed by the League.

No decision could be reached and consequently the question of price control was left for consideration by the May Conference.

Problem J: *The Appointment or Designation of International Administrative Organs to Aid in the Carrying Out of the Proposed Convention.*

The Advisory Committee Plan calls for the designation of administrative organs to perform functions which fall broadly into two categories. Under the Plan, dealers in receipt of orders for export of narcotics must notify "the Central Narcotics Office," which in turn must ascertain, by inspection of its records, whether execution of the order would cause the importation into the buying country of an excess of the drug in question

60. The recommendations of the Advisory Committee are contained in Article 19 of the Plan. Cf. Appendix, *Annex 1.*

61. This is a paraphrase of Article 14 of the Advisory Committee Plan. Appendix, *Annex 1.*

over its estimated needs. The "Office" is then to notify the exporter whether or not any part of the order may be filled. Every consignment when actually exported must immediately be reported to this "Office," both by the exporter and by his government; and, similarly, arrival in the importing country must immediately be reported both by the importer and by his government. The "Central Office" must keep certain records necessary in the fulfillment of its duties. These are specified in the regulations annexed to the Plan.[63]

The Advisory Committee reached no conclusion as to the make-up or location of this "Office," but did insert in the regulations annexed to the Plan[64] a paragraph providing that the records of the Central Office should be open to inspection at any time "by an officer duly appointed for that purpose either by the.....of the League of Nations or by the Government of any High Contracting Party." It has been suggested that the manufacturers themselves organize and operate the "Office," subject to the control outlined in the regulation just quoted. It has been suggested also that the functions of the Permanent Central Board be extended to include the duties of the Central Narcotics Office.

A board having functions of a different nature will also have to be designated at the May Conference. The Advisory Committee Plan requires that there be some kind of international administrative body for the following purposes:

1. To furnish estimates of the needs of drugs for any country or countries which fail to submit such estimates to the Permanent Central Board.[65]
2. To examine the annual estimates of needs submitted by governments, and, if advisable, to ask for explanations concerning these estimates.

It was suggested that a joint committee be appointed, consisting of representatives chosen from each of the following organs: the Permanent Central Board, the Health Committee of the League of Nations, and the Advisory Committee on Opium and Other Dangerous Drugs. Since the board or committee may have to question the estimates of needs submitted by sovereign countries, it is considered appropriate that an organization of physicians—the Health Committee—should be represented. The Permanent Central Opium Board was also suggested as the appropriate organ, calling for advice when necessary on the Health Committee, the Opium Advisory Committee, or the Economic Committee of the League. One advantage of this would be that it would not entail the creation of a new organization. No specific proposal, however, was included in the Advisory Committee Plan.

63. Regulations, chap. V; cf. Appendix, *Annex 1.*
64. *Ibid.*
65. Article 3; cf. Appendix, *Annex 1.*

Unsolved Problems

In brief, the Advisory Committee Plan contains no definite answers to the following problems:

1. The shares of the world quota to be assigned to each manufacturing country.
2. The advisability of provisions for economic pressure against countries which do not adhere to certain of the fundamental terms of the Limitation Convention.
3. The means to be adopted for the purpose of insuring that no country manufacture more than its allotted share.
4. The means to be adopted to prevent an unreasonable increase in the price of manufactured drugs as a result of the agreement for direct limitation of manufacture.
5. The appointment or designation of an International Board to perform the administrative functions outlined in the Plan.

The above problems and certain other suggestions referred to in the preceding pages will again be in issue at the May Conference.

THE SCHEME OF STIPULATED SUPPLY

A second plan proposed for consideration by the May Conference, is the "Scheme of Stipulated Supply."[66] In 1924 a suggestion

66. Cf. p. 26. At the end of the report submitted by the Advisory Committee to the Council appears the following statement made by the Belgian representative on behalf of himself and of the representatives of China, Mexico, Poland, Spain and Uruguay:

"We take the liberty of drawing the attention of the future conference to the various suggestions and proposals made by the representatives of consuming countries and we consider it desirable to summarise them in the following words:—

1. A system of limitation to be decided upon by the Convention to safeguard the rights of each nation to procure, for its legitimate needs, the drugs from the source and the country it desires.
2. Each country should in advance make known the quantity of narcotic drugs falling under the provisions of the Convention of which it will be in need for a fixed period as well as the name of the country or countries where it intends to procure it supplies.
3. The system of Government monopoly for the trade and, where necessary, for the manufacture of narcotic drugs falling under the provisions of the Convention is recommended.
4. Sanctions applicable by each government party to the Convention of May 1931 should be provided for, and should apply to every country which does not exercise a control of narcotic drugs equivalent to that laid down in the Geneva Convention.
5. Both the limitation of manufacture and the control of

was made by Dr. E. V. Knaffl-Lenz that in order to assure that manufacture of narcotic drugs be restricted to the world's legitimate needs, every country should signify in advance the names of the countries from which they proposed to make purchases.[67] A scheme embodying those provisions and enlarging on them was brought to the attention of the American State Department in 1928 by Mr. C. K. Crane.[68] This scheme, however, has not been endorsed by the United States government.

At a later date, Mr. Crane wrote the League of Nations that the scheme had been devised by Mr. A. E. Blanco, formerly a member of the Secretariat of the League and now head of the Anti-Opium Information Bureau, Geneva; this explains the numerous titles such as "The American Plan," or "The Blanco Plan," sometimes given to the scheme, which will be referred to hereinafter as the Scheme of Stipulated Supply or merely the Scheme.

When the Scheme was submitted to the State Department and to the League (1928), there seemed little likelihood that a general international opium conference would soon be held. It was drawn, therefore, in such way as to require ratification of manufacturing countries only, but its provisions indirectly required all other nations to cooperate in certain essentials, which will be discussed presently, or themselves to manufacture the drugs needed for domestic consumption. Since the May Conference is to include all countries, the Scheme can, if acceptable, be readily amended to provide for ratification by all. This would overcome the original objection that governments not party to the agreement would be indirectly bound by it.

Scheme Proposals Summarized

One more preliminary fact should be mentioned. The necessary administrative organization has been developed in the Advisory Committee Plan, but not in the Scheme of Stipulated Supply. Its general outline, however, is clearly set forth in the following five articles.[69] It is proposed:

> *"Article 1.* To appoint some mutually acceptable central agent, such perhaps as the Permanent Central Board, whose duty it would be (a) to receive and transmit all information that would result from the application of the Plan, from and to the parties to it concerned, and (b) to ensure that such information would be accessible to the world at large—if not, indeed, to give world publicity to it.
>
> *"Article 2.* To notify to the central agent, in advance, and for a determined period, their legitimate requirements for internal use only, of each individual substance derived from opium and coca leaf. If they are unable to determine these various amounts in advance, then they are to undertake that the totalled raw material equivalents of these requirements notified for the given period shall not exceed those two definite amounts that are determinable from the League's estimated maximum annual per capita requirements (of opium and cocaine) and the number of people under their jurisdiction who are within reach of medical aid. Synthetic substitutes should similarly be individually notified, including such habit-forming substitutes as, in the opinion of the *Office international d'Hygiene publique*, may now exist or from time to time be discovered, and including such non-habit-forming substitutes as are, in any degree, composed of substances which have been derived from the raw materials.
>
> *"Article 3.* To inform the central agent from which country or countries they will purchase these requirements.
>
> *"Article 4.* To report to the central agent complete information as to the countries from whom they have received orders, together with the quantities of each individual drug ordered. To report, also, the date and individual amounts of each exportation to such countries.
>
> *"Article 5.* To export only to those countries which have announced to the central agent the same information which they themselves are obliged to give under headings 2 and 3 above. In the case of non-manufacturing countries whose custom it is to obtain their supplies from other non-manufacturing countries, the manufacturing country would further undertake to refuse export to the re-exporting country (to the extent of its re-export trade) unless the country to whom re-export is contemplated has made the above mentioned announcements."

The Advisory Committee Plan contains similar provisions for the appointment or designation of a central administrative agent, advance estimates of requirements of narcotic drugs, and statistical trade reports.[70]

quantities manufactured should be guaranteed by the action of the Permanent Central Board, assisted where necessary by technical authorities." (Cf. League of Nations, Conference on the Limitation of the Manufacture of Narcotic Drugs, *Document*, cited, p. 120.)

67. Cf. League of Nations, Health Committee, *Minutes of the First Session*, C.10.M.7.1924.III., p. 98-99.

68. The State Department subsequently transmitted the scheme to the Netherlands government, whose delegate outlined it at the twelfth session of the Advisory Committee. Cf. League of Nations, Advisory Committee . . . on Opium, cited, *Minutes of the Twelfth Session*, cited, p. 149-160.

69. For text of the Scheme of Stipulated Supply, cf. *Brief Outline of an International Narcotics Manufacture Agreement* (Geneva, Anti-Opium Information Bureau, October 1, 1929).

70. Cf. p. 27; 31-32.

Advance Designation of Sources of Supply

The essence of the Scheme, which represents the only essential difference between it and the share or quota plan of the Advisory Committee, is that each party agrees "to inform the central agent from which country or countries they will purchase these requirements. . . ."[70a] There is "implied" provision in this article that the amount manufactured annually in each country shall not exceed the total of estimated purchases to be made by the outside world in that country. This could be accomplished by restricting the imports of raw materials as is done in the United States.[71] Each government would permit exports from its territory only to countries which had signified in advance their intention to supply themselves from such exporting country, and in amounts not greater than those specified. Importing countries would be unable to purchase from sources other than those specified in advance, since no other countries would be entitled to fill their orders.[72] By this means amounts of drugs to be manufactured in each country are limited without the necessity of establishing the world quota and share system outlined in the Advisory Committee Plan.[72a] Under the Scheme, if the name of any country not previously manufacturing, is given by a purchasing country as the proposed source of imports for the following year, the country named would automatically be entitled to manufacture enough drugs to fill the order.

By this means the Scheme also avoids any danger of the creation of a monopoly in favor of present manufacturing countries, in contrast to the share system which might result in such monopoly, and in the establishment of national and international cartels.

A third advantage claimed is that under the Scheme there is no danger that manufacturers will combine to raise the prices of drugs unreasonably, while under the share or quota plan a combination of manufacturers for such purpose is a definite danger. It is pointed out that the Advisory Committee has so far been unable to recommend any measures to obviate this danger.

Scheme Proponents Stress Freedom of Trade

Finally, it is contended, the Scheme for Stipulated Supply guarantees complete freedom of trade. Imports may be made by any country which has furnished advance specifications. In making their annual estimates and specifications buying countries are free to choose the brand of drug desired and the country from which it may be purchased. Under the Advisory Committee Plan, if its share has been exhausted a manufacturing country may fill further orders for export only by importing the drugs ordered from other countries and then re-exporting them.[73] Under such circumstances the buyer is not free to purchase the brand he chooses.[74]

Critics Doubt Feasibility of Advance Designation

Critics of the Scheme contend that governments will be unwilling to bind themselves in advance as to the countries from which they will purchase their drugs, and that even if they were willing to do so, the undertaking would be impracticable commercially. Under the Advisory Committee Plan, importing countries, while bound to submit estimates of needs, are free to make their purchases from any source they desire without binding themselves in advance.

The Scheme would probably call for these advance estimates at least six months before the beginning of the year, in order to give the manufacturing countries time to import raw materials and to process them. Buying countries would therefore be required to obligate themselves for a substantial period

70a. Article 3.

71. Cf. p. 21.

72. Article 5. This article forbids export to any country which had not made an advance estimate of its needs, and had not designated the country or countries from which it intended to satisfy those needs. To obtain narcotics all countries will therefore have to submit such specifications unless they prefer to establish manufacture on their own account. At the May Conference the Scheme could be so amended as to include a direct undertaking by all countries to submit the required advance information. This would answer the objection to the present draft of the Scheme that countries not party to it would be bound in a practical and important way by its provisions.

72a. For a discussion of the difficulties of this system, cf. p. 28.

73. Article 15; cf. Appendix, *Annex 1.*

74. Under the Scheme, automatic provision is made for buying countries to supply themselves with particular brands from the countries of their choice, but that choice must be made in advance and must be adhered to for the year; under the Advisory Committee share or quota plan, buying countries may choose their sources of supply, but for a time may have to be satisfied with drugs manufactured in other countries, since once a country's manufacturing share has been exhausted it may fill further orders only by re-exporting stock manufactured in countries whose shares have not been exhausted. This temporary situation can be remedied every two years under the Plan, and the desires of the buyers will then be met even as to brands desired. Under both plans the right of buyers to choose their sources of supply is safeguarded. (Cf. Advisory Committee Plan, Article 10, *Annex 1.*)

of time. It is pointed out that war or other factors might intervene which would cut off the specified source of supply, and that it might be difficult for buying countries to make up the deficiency elsewhere. For such contingencies, the Scheme could probably be amended so that orders might be transferred to other countries.

Critics urge, furthermore, that if countries are to submit their estimates six months in advance, they must begin much earlier to determine their needs and from whom supplies can be purchased most profitably. The Scheme[75] requires, further, that if possible, advance estimates be submitted for each individual substance derived from opium and coca leaf; or that the estimates state the total amount of drugs needed in terms of their raw material content; for example, "ten tons of opium in various of its derivatives and preparations." Under the Advisory Committee Plan estimates would not include the needs for morphine or cocaine in derivatives or preparations exempt from control under the Geneva Convention.[76] Under either alternative in the Scheme, however, all derivatives and preparations must be included in the annual estimates. For a country to determine from six months to a year in advance its needs for each of perhaps hundreds of different pharmaceutical products containing opium or coca leaf would doubtless be a stupendous task, and even to estimate such needs in terms of raw material equivalents is said by critics of the Scheme to be a practical impossibility.

Further Criticisms Against the Scheme

Aside from these considerations, the Scheme has been criticized on the ground that under its provisions countries are not bound to purchase any drugs at all, but may decide, after the specifications are in, to manufacture for their own requirements or to buy only a part of the quantities originally mentioned. *It is not proposed that any advance contracts be entered into between exporters and importers.* It is possible, therefore, or perhaps probable, that buyer and seller may be unable to agree on quality and price. Either might seek to take advantage of the other, since the seller is prohibited by the Scheme from disposing of his stocks and the buyer from obtaining supplies elsewhere. A possible answer to this is that these same prohibitions will make it advantageous to both buyer and seller to reach a fair agreement. Furthermore, the seller will be anxious to satisfy his customers for the sake of future business. No specific means have been suggested by which, under the Scheme, this problem can be solved, but some provision for arbitration or transfer of orders might conceivably be worked out.

Another serious question is whether the fact that some countries will be unwilling or unable to submit advance estimates and specifications will be fatal to the object of the Scheme—the direct limitation of manufacture to medical needs. The Scheme can provide for such contingency in a limited number of ways only.

First, the Scheme need make no provision for supplying drugs to countries which do not submit the requisite advance specifications. The result, however, would be to encourage manufacture in countries not party to the Scheme. This would manifestly be unfortunate and would be liable to result in an unnecessary increase in the manufacture of drugs and consequently in illicit traffic.

Second, the scheme might be amended to give the central body[77] power to make estimates of needs for such countries, *and power to designate the countries from whom these needs would be supplied.* The designation of the supplying countries would be necessary, since otherwise each of the manufacturing countries might claim the right to manufacture all or a large share of the drugs for supply to the countries from whom estimates of needs are made by the central body—a practice which would result in overmanufacture. On the other hand, it is unlikely that governments would agree to any system whereby, in case they fail to submit estimates and specifications, they would be bound to make their purchase only from countries specified by an international body.

75. Article 2. Cf. p. 33.
76. Cf. Advisory Committee Plan, Articles 1 and 3, *Annex 1.*
77. Cf. p. 31, for discussion regarding the proposed central body.

Third, the Scheme might be amended to give the central body the power to make estimates of needs for such countries (as under the Advisory Committee Plan), but not the added power to specify sources of supply. To take care of the latter, all the manufacturing countries might be asked to agree in advance on proportionate shares in the manufacture of the total amount of drugs represented by the central body as needed for consumption in those countries supplying no advance estimates. This would amount to a combination of the Scheme of Stipulated Supply and the Advisory Committee Plan.

Two further means of solving this particular problem have been advanced. Proponents of the Scheme suggest that exports of drugs might be permitted to countries which have made no advance estimates or specifications:

(a) if the drugs be exported to the governments themselves and not to private concerns, or

(b) if the orders given by the importers (private concerns) are transmitted through the League of Nations or the Permanent Central Board.

Both suggestions present the difficulty of preventing each manufacturing country from claiming the right to manufacture for a large part of this unassigned business.

Advisory Committee Plan Contrasted with Scheme

Such are the essential outlines of the two proposals for limitation of manufacture which have received most attention.

The Advisory Committee Plan has been fully and formally drafted for consideration by the May Conference; the Scheme of Stipulated Supply is in outline form only. The only essential distinction between the two is that the Plan provides for the share or quota system for direct limitation of manufacture, while the Scheme provides for limitation based on advance specifications by purchasing countries. Both proposals have their friends, official and unofficial.[78] The chief drawback in the Advisory Committee Plan is that it may be impossible for manufacturing countries to agree on their proportionate shares of the world quota. While the Scheme attempts to meet this weakness of the Plan, it has the following practical drawbacks:

1. It may prove difficult for each country to determine long in advance its needs for all drugs containing opium and the coca leaf.

2. It may be impracticable for countries to bind their dealers to buy from or sell to dealers in only those countries which have been specified months in advance, since the Scheme does not require such dealers to make advance contracts.

3. It may be difficult to define satisfactory measures for supplying drugs to countries which do not submit advance estimates of needs and specifications of proposed sources of supply.

GOVERNMENT MONOPOLY

A third proposal which may be presented to the May Conference is government monopoly.

There was included in the Advisory Committee report to the Council, submitted with its Plan, a proposal for the adoption of a "system of government monopoly for the trade and manufacture of narcotic drugs falling under the provision of the Convention. . . ." The proposal was not intended as a substitute for a plan for direct limitation of manufacture; it was intended as a supplement. Even if every country in the world were to establish a monopoly, it would still be necessary to limit manufacture as a means of preventing accumulations of surplus stocks of drugs which might somehow or other be tapped for the illicit market.

No definite type of monopoly has been suggested, so the matter will not be discussed in detail. A monopoly system might well include import, export, manufacture, and wholesale distribution of drugs in some countries, while in others it might be found more practicable to allow wholesale distribution, apart from import and export,[79] to private concerns; presumably the government would be in close enough contact with the wholesalers to prevent any continued abuse of their privileges.

78. Cf. discussion of these two proposals in C. K. Crane, *An Examination of the Principal Methods Suggested for Limiting the World Manufacture of Narcotics*, Geneva, Anti-Opium Information Bureau, October 9, 1930.

79. Under any system of government monopoly, international distribution must be effected solely through official channels.

Opponents Stress Incentive to Bootleg Industry

The arguments against government monopolies in general are applicable in this as in other commercial fields. Moreover, the monopoly system might well give rise to the creation of a bootleg industry. While it would probably be impossible to set up clandestine manufacturing plants on an elaborate scale without the knowledge of government authorities, there is little doubt that small "kitchen factories" would be adequate for the manufacture of drugs of quality satisfactory to addicts. That few such "kitchen factories" are known to exist now can probably be attributed to the fact that they have not been necessary to the smugglers. The illicit traffic has been adequately supplied by certain of the world's large pharmaceutical manufacturers.

Advocates of a government monopoly plan contend that so long as commerce in narcotic drugs is left to private concerns wholly interested in profits, there will be little decrease in the illicit traffic. Efforts will continue to be concentrated on developing the volume of business; on the other hand, under a monopoly system, effort will be made presumably to do as little business as is compatible with legitimate needs. In answer to the objection that a bootleg industry might spring up in countries which establish monopolies, it is pointed out that such an industry could hardly be developed to any great extent except in countries where raw materials are produced, since the smuggling of raw opium and coca leaves on a large scale would be extremely difficult. Moreover, this danger of clandestine manufacture would exist to the same extent under any system of controlled private manufacture if the control were effective enough to prevent the larger pharmaceutical houses from supplying the illicit traffic.

Manufacturers Responsible for Illicit Traffic

So far as the "rights" of manufacturers are concerned, it is contended that they have had an opportunity for some years to clean house; that if they had desired to do so, manufacturers in certain countries could have gone a long way toward putting an end to the illicit traffic, but that instead they have consistently balked the establishment of effective control measures. Society is paying a terrific price to save for private profit the income from the small legitimate commerce in narcotic drugs. The cost of conferences and of machinery for control has run into millions; the cost to society through crime committed because of narcotic drug addiction is infinitely greater, to say nothing of the economic cost as well as the price measured in terms of human suffering. It is argued that in the light of these incontrovertible facts, private interests must be sacrificed to the interests of the world and that narcotic drugs must be removed from the sphere of manufacture and international distribution by private commercial interests.

APPENDIX

ANNEX 1.

C.115.1931.XI (Annex).
[O.C.1332(1).]

DRAFT CONVENTION FOR LIMITING THE MANUFACTURE AND REGULATING THE DISTRIBUTION OF NARCOTIC DRUGS.

. . . . . .

[List of Contracting States.]

Deciding to supplement the provisions of the International Opium Conventions, signed at The Hague on January 23rd, 1912, and at Geneva on February 19th, 1925, by facilitating the limitation of the manufacture of narcotic drugs to the world's legitimate requirements for medical and scientific purposes and regulating their distribution,

Have resolved to conclude a Convention to that effect and have appointed as their plenipotentiaries:

. . . . . .

[List of Plenipotentiaries.]

Who, having communicated to one another their full powers found in good and due form, have agreed as follows:

Article 1.

Except where otherwise expressly indicated, the following definitions shall apply throughout this Convention and the Annex thereto:

1. The term "Geneva Convention" denotes the

International Opium Convention signed at Geneva on February 19th, 1925;

2. The term "narcotic drugs" shall denote the following drugs in manufactured state:

(*i*) Morphine and its salts, including preparations made directly from raw opium and containing more than 20% of morphine;

(*ii*) Diacetylmorphine and the other morphine esters and their salts;

(*iii*) Cocaine and all other derivatives of ecgonine, and their salts;

(*iv*) Dihydrooxycodeinone (eucodal), dihydrocodeinone (dicodide), dihydromorphinone (dilaudide), acetylodemethylodihydrothebaine (acedicone) and their salts;

3. The definitions of morphine, diacetylmorphine, cocaine, crude cocaine and ecgonine contained in Article I of the Geneva Convention shall apply for the purposes of the present Convention.

For the other narcotic drugs specified in paragraph 2 above, the following definitions are adopted for the purposes of the present Convention:

Esters of morphine (a combination of morphine and any other organic acid);

Dihydrooxycodeinone ($C_{18}H_{21}O_4N$) $HCl+3H_2O$;

Dihydrocodeinone ($C_{18}H_{21}NO_3$);

Dihydromorphinone ($C_{17}H_{19}O_3N$ HCl);

Acetylodemethylodihydrothebaine ($C_{20}H_{23}NO_4$).

4. The term "manufacture" of any drug includes also the refining of part-manufactured products.

The term "conversion" shall denote the transformation by a chemical process of a narcotic drug into another substance.

The term "import certificate" denotes an import certificate as provided for in Article 13 of the Geneva Convention.

5. The term "estimates" shall denote the estimates furnished in accordance with Articles 3 to 5 of this Convention and in accordance with the annex thereto.

6. The term "conversion total" in relation to any country in respect of any narcotic drug shall denote the total amount specified in the estimates for that country for any one year as being required for the purpose of conversion, with the addition of such amount as may be necessary to bring the reserve stocks of that drug indicated in the estimate as likely to exist in that country at the beginning of the year in respect of which it is made and intended to be utilised for the purpose of conversion up to the level of the reserve stocks which according to the estimates, it is desired to maintain in that country for that purpose; or, in the event of the reserve stocks being estimated as likely to exceed that level, after deduction of the excess of those stocks over the desired level.

7. The term "consumption total" in relation to any country in respect of any narcotic drug shall denote the total amount of that drug specified in the estimates for that country for any one year as being necessary for use as such in that country for medical and scientific purposes with the addition or after deduction of an amount in respect of any reserve stocks of that drug intended for these purposes as indicated in the preceding paragraph of this article.

8. The term "home total" in relation to any country in respect of any narcotic drug shall denote the aggregate in any one year of the conversion and consumption totals for that country for that drug, as shown by the estimates for that country for that year.

9. The term "world total" in relation to any narcotic drug shall denote the aggregate in any one year of the home totals for that drug for all the countries.

The world total of any narcotic drug will, in consequence, represent the amount of that drug which it is necessary to manufacture in any one year in order to satisfy the world's legitimate requirements of that drug for use as such and for conversion.

10. The term "export total" in relation to any narcotic drug shall denote the amount of that drug which must be manufactured by certain countries in excess of the home total for those countries, for export to countries which do not manufacture that drug, or who manufacture less than the total shown in their estimates.

11. The term "manufacture quota" in relation to any manufacturing country which manufactures part only of its consumption quotas shall denote the proportion of that total which according to the estimates for that country for any one year are to be manufactured in that country in that year.

12. The term "manufacturing country" shall denote a country in which narcotic drugs are manufactured for use as such in that country.

13. The term "converting country" shall denote a country into which any narcotic drug is imported or in which any narcotic drug is manufactured in both cases for the purpose of conversion.

14. The term "exporting country" shall denote any country which in accordance with the provisions of Articles 8 and 10 of this Convention is or becomes a country in which narcotic drugs are manufactured for export.

15. The term "territory" or "territories" in relation to any High Contracting Party shall denote the territory or territories of that High Contracting Party to which this Convention applies.

Article 2.

The High Contracting Parties will take all such legislative, executive, or other measures as may be necessary to give due effect within their territories to the provisions of this Convention.

Article 3.

1. Each High Contracting Party shall furnish annually to the Permanent Central Opium Board,

constituted under Chapter VI of the Geneva Convention, in respect of His territory, estimates of the requirements of those territories in the matter of narcotic drugs for use as such for domestic consumption and for conversion.

It is understood that full liberty is reserved to each country to purchase its supplies of narcotic drugs in any country it wishes and it may, when giving its estimates, mention the country or the countries from which it intends to purchase its supplies.

2. In the event of any High Contracting Party failing to furnish by the date specified in the annex an estimate in respect of any of its territories, an estimate will be furnished in respect of that territory by the competent authority to be constituted in accordance with the provisions of Chapter I, paragraph 6, of the annex to this Convention.

3. This competent authority will similarly furnish an estimate in respect of any country which is not a party to this Convention and which does not furnish an estimate.

Article 4.

1. Any High Contracting Party may, if necessary, in any year furnish in respect of any of His territories a supplementary estimate of the requirements of the territory for that year with an explanation of the circumstances which justify such supplementary estimate.

2. The competent authority will similarly, if necessary, furnish a supplementary estimate in a case where it has furnished an original estimate.

Article 5.

Estimates furnished under the provisions of the two preceding articles shall be in the form, and shall be furnished in the manner provided in Chapter I of the annex to this Convention.

Article 6.

Every estimate furnished in accordance with the preceding articles so far as it relates to narcotic drugs required for domestic consumption in the country or territory in respect of which it is made shall be based solely on the medical and scientific requirements of that country or territory.

It is understood that any High Contracting Party may include in its estimates such quantities as it considers necessary for the establishment or maintenance of reserve stocks under Government control for Government use or for general use to meet exceptional circumstances.

Article 7.

The total amount of any narcotic drug to be manufactured in any one year shall not exceed the amount of the world total for that drug for that year.

Article 8.

Subject to the provisions of Article 10 the world total of narcotic drugs less (*a*) that part of it destined for home consumption manufactured in countries which only manufacture for their own requirements and (*b*) that part retained for conversion in the countries in which it is manufactured shall be manufactured by the following countries (which shall be known as "exporting countries") in the proportions indicated:

Morphine and its salts and preparations made directly from raw opium and containing more than 20 per cent of morphine	Diacetylmorphine, other esters of morphine and their salts	Dihydrooxycodeinone, dihydrocodeinone, dihydromorphinone, acetylodemethylodihydrothebaine	Cocaine and other derivatives of ecgonine and their salts
.....	.....	.....	.....

Note.—The Drafting Committee to which was referred the question of manufacturing quotas for drugs, which are brought under the Geneva Convention by its tenth article decided to refer this question for the consideration of the Conference in May.

Article 9.

The proportions specified in Article 8 of this Convention or in any new agreement reached under the provisions of Article 10, unless altered in accordance with the procedure prescribed in paragraphs 1 to 6 of the latter article, shall remain in force for a period of two years from the date of the entry into force of Articles 3 to 5 of this Convention or of any such new agreement as the case may be. Whereafter, these proportions shall remain in force until superseded by a new agreement made in accordance with the provisions of Article 10 of this Convention.

Article 10.

1. (*i*) If a High Contracting Party not mentioned in Article 8 desires to manufacture for export and to be assigned a quota or (*ii*) if a country mentioned in Article 8 desires a revision of its quota after the expiry of the period of two years specified in Article 9, that country shall give notice to that effect to the Secretary-General of the League of Nations.

2. The notice shall give as full particulars as possible of the consideration which the Government of that country desires should be taken into account in the re-allocation or, as the case may be, of the revision of the quota.

3. On receipt of the notice the Secretary-General will communicate it to the Governments of the countries to which quotas have been assigned, with a view to negotiations being entered into between the representatives of those Governments and of representatives of the Government of the country giving the notice, and shall arrange the date not less than one month nor more than three months after the communication of the notice for a meeting of a conference of such representatives to consider the matter. This Conference will be presided over by a person nominated by the President of the Council of the League of Nations.

4. At the end of the period of two years a revision of the quotas may also take place in the following circumstances:

(*i*) If as a result of a formal declaration of a High Contracting Party of its intention to obtain its supplies in a given country it appears that the order destined for any manufacturing country exceed substantially the quota assigned to that country;

(*ii*) If, from the records of the Central Narcotics Office, it appears that the orders received by any manufacturing country during the period referred to exceed substantially the quota assigned to that country.

The Permanent Central Opium Board or the Central Narcotics Office, as the case may be, shall make a report to the Secretary-General who shall then, in consultation with the Government of that country, proceed in the manner indicated in the preceding paragraph.

5. If the negotiations whether entered into under paragraph 3 or paragraph 4 of this article have not resulted in an agreement within three months from the date of the Conference the matter shall be submitted to an arbitrator or arbitrators appointed by the President of the Permanent Court of International Justice at The Hague.

In any negotiations or arbitration in pursuance of this article of the allocation of a quota to a country to which a quota has not previously been assigned, due consideration shall be given to any contracts or agreements duly authenticated for the supply by that country of any narcotic drugs in accordance with the provisions of the Geneva Convention and of this Convention.

6. In the event of any High Contracting Party desiring that any of His territories should cease to be an exporting country in respect of any narcotic drugs, he shall give a notice to that effect to the Secretary-General of the League of Nations and to the other exporting countries. Negotiations will thereupon be entered into on behalf of the last-mentioned countries for the re-allocation of the quotas for that drug.

7. Any agreement or award which may be reached under the preceding paragraphs of this article shall be communicated to the Secretary-General of the League of Nations for registration. The Secretary-General will communicate a copy thereof to the Members of the League or non-Member States mentioned in Article 25 of this Convention other than those which are Parties to the Agreement.

8. The quotas allocated in any such agreement or award shall, as from the date of its registration by the Secretary-General as between all the parties to this Convention replace those previously enforced from the date on which the Agreement or award enters into force.

Article 11.

1. If in the estimates made on behalf of any country for any year it is stated either (*i*) that it is proposed to manufacture in that country the whole or part of the domestic requirements of that country in respect of any narcotic drugs for use as such or (*ii*) that it is proposed to import into or manufacture in that country any narcotic drugs for the purpose of conversion, that country shall become for the purpose of the year in respect of which the estimate is made, a manufacturing or converting country in respect of that narcotic drug as the case may be.

2. No narcotic drug shall be manufactured in any country for use as such for domestic consumption, unless that country is in respect of that drug a manufacturing country in accordance with the preceding paragraph of this article.

3. No narcotic drug shall be imported into or manufactured in any country for the purpose of conversion unless that country is, in respect of that drug a converting country in accordance with the first paragraph of this article.

Article 12.

1. The full proportion of the "home total" for any narcotic drug which according to the estimates for any country for any one year is to be manufactured in that country shall be manufactured in that country in that year, but in no circumstances will any greater quantity be manufactured.

2. The full amount of any narcotic drug imported into or manufactured in any converting country for the purpose of conversion shall be utilised for that purpose during the period for which the estimates apply.

Article 13.

1. The full amount of the home total for each narcotic drug as shown in the estimates for any exporting country for any year shall be manufactured in that country in that year.

2. In addition, the full amount of the proportion of the export total of any narcotic drug for each year allocated to an exporting country in accordance with the provisions of this convention shall be manufactured in that country in that year and shall be held available for export irrespective of the re-export of any narcotic drugs in a manufactured state which may have been imported for that purpose.

3. In no circumstances will a quantity be manufactured in any one year in an exporting country greater than the aggregate of the amounts specified in the preceding paragraphs of this article.

Article 14.

The following provisions shall apply to the import of any narcotic drug for the purpose of re-export and to the re-export of any such drug as imported:

(*i*) The import certificate issued in respect of any such import shall state that the drug is intended for re-export;

(*ii*) In the case of a country which manufactures only for its own needs and in the case of a country which is not a manufacturing country, the quantities imported for re-export, domestic consumption and conversion shall not exceed the home total for that country, less the amount of any manufactured in the country, provided that it shall be permissible to import in excess of the quantity above mentioned:

(*a*) Up to the amount which has already been re-exported in that year, or,

(*b*) For the purpose of fulfilling export orders actually received for the supply of the drug for medical or scientific needs, duly supported by an import certificate issued in pursuance of the Geneva Convention.

(*iii*) It is understood that a manufacturing country which manufactures only the quantity, or part of the quantity, required for its domestic consumption or for conversion, may export for the purpose of fulfilling orders duly supported by an import certificate issued in pursuance of the Geneva Convention without previous importation.

Article 15.

1. If any exporting country receives during the year orders for the supply of any narcotic drug to an amount exceeding its proportion of the export total for the year, and if arrangements are not made for the transfer of the execution of the order to another country, the Central Narcotics Office shall, on application, arrange for the transfer to the said country, without undue delay, of the quantities required to enable that country to fulfil its orders from other exporting countries having at their disposal for export sufficient quantities within the limits of their quotas.

2. The High Contracting Parties undertake to grant the necessary Customs and other facilities for such transfers, and to take any measures necessary to ensure that the transfers are effected at the current wholesale prices.

Article 16.

The following provisions shall apply in the case of a country which manufactures any narcotic drug for export to a small amount and is not an exporting country within the meaning of this Convention:

(*i*) Each export shall be made in accordance with the provisions of Chapter IV of the annex;

(*ii*) The exports from these countries shall not be taken into account in determining the export total for the year;

(*iii*) The Central Narcotics Office shall report the amount of such exports to the Permanent Central Board and a corresponding deduction shall be made from the export total for the ensuing year;

(*iv*) Each of the High Contracting Parties concerned undertakes that the aggregate amount of such exports from His territory of any narcotic drug in any year shall not exceed . . . kilogrammes.

Article 17.

1. No import from any source into the territories of the High Contracting Parties of any narcotic drug shall take place except in accordance with the provisions of the present Convention.

2. The following classes of imports are prohibited:

(*a*) The import of any narcotic drug for any purpose other than:

(*i*) The satisfaction of the medical and scientific needs of the importing country;

(*ii*) Conversion;

(*iii*) Re-export;

(*b*) The import in any one year, save for the purpose of re-export, of any narcotic drug in excess of the home total for that drug as shown in the estimates for the country concerned for that year;

(*c*) The import into any converting country in any one year, for the purpose of conversion of any narcotic drug in excess of the conversion total for that country for that year;

(*d*) The import in any one year of any narcotic drug for use as such for domestic consumption in excess of the consumption total of that drug for the country concerned in that year;

(*e*) The import in any one year, save for the purpose of conversion or re-export, into any manufacturing country which manufactures the whole of its consumption total for that year of any narcotic drug, of any quantity of that drug whatever;

(*f*) The import in any one year, save for the purpose of re-export or conversion, into any manufacturing country which manufactures part only of its consumption total for that year of any narcotic drug, of any quantity of that drug in excess of the difference between that total and the manufacture quota for that country for that year.

3. No export or re-export of any narcotic drug shall take place from the territories of the High Contracting Parties except in accordance with the provisions of the present Convention.

Article 18.

The text of the annex to this Convention shall be deemed to be an integral part of the Convention.

The regulations contained in the annex to this Convention shall be applied by the High Contracting Parties in order to facilitate the execution of the foregoing provisions.

The provisions of the annex may be revised in the following manner:

. . . . . .

Article 19.

The High Contracting Parties which are not Parties to the Geneva Convention undertake to apply the provisions contained in the following Chapters of that Convention: Chapter III—Internal Control of Manufactured Drugs; Chapter V—Control of International Trade; Chapter VI—Permanent Central Board.

Article 20.

[Control of prices.]

(This article is reserved for consideration by the May Conference; see report of the Advisory Committee to the Council.)

Article 21.

If any drugs confiscated by a High Contracting Party are appropriated by the Government for use as such for medical or scientific purposes or for conversion, a deduction to an equivalent amount shall be made from the amounts to be manufactured in or imported into that country.

Article 22.

The High Contracting Parties undertake to apply the following provisions of the Geneva Convention to all derivatives of morphine which are not controlled in pursuance of that Convention:

1. The provisions of Article 6, in so far as they relate to the manufacture, importation, exportation and wholesale sale of drugs;

2. The provisions of Articles 12, 13 and 18:

(*a*) Except as regards preparations containing the substances, and,

(*b*) Except that the requirement as to the production of an import certificate shall only apply in the case of peronine or any other substance in respect of which the Health Committee of the League of Nations reports to the Council that it is capable commercially of being converted into a drug to which the Geneva Convention applies;

3. The provisions of paragraph 1 (*b*), (*c*) and (*e*) and paragraph 2 of Article 22, except as regards preparations containing the drugs and except that the statistics of imports and exports may be sent annually instead of quarterly.

Article 23.

In the event of a dispute arising between any two or more High Contracting Parties concerning the interpretation or application of the provisions of this Convention except in the cases referred to in paragraphs 1 and 6 of Article 10, such disputes shall, unless settled directly between the parties or by the employment of other means of reaching an agreement, be submitted to a tribunal to be agreed upon between the parties within . . . of the receipt by any High Contracting Party of a request from another High Contracting Party for the submission of the dispute. In event of failure to agree upon a tribunal within that period the dispute shall, at the request of one party, be referred to the Permanent Court of International Justice at The Hague.

Article 24.

Any High Contracting Party may, at the time of signature, ratification, or accession, declare that, in accepting the present Convention, He does not assume any obligations in respect of all or any of His colonies, protectorates, overseas territories or territories under suzerainty or mandate: and the present Convention shall not apply to any territories named in such declaration.

Any High Contracting Party may give notice to the Secretary-General of the League of Nations at any time subsequently that He desires that the Convention shall apply to all or any of His territories which have been made the subject of a declaration under the preceding paragraph, and the Convention shall apply to all the territories named in such notice in the same manner as in the case of a country ratifying or acceding to the Convention.

Any High Contracting Party may, at any time after the expiration of the five years' period mentioned in Article 29, declare that He desires that the present Convention shall cease to apply to all or any of His colonies, protectorates, overseas territories or territories under suzerainty or mandate, and the Convention shall cease to apply to the territories named in such declaration as if it were a denunciation under the provisions of Article 29.

The Secretary-General of the League of Nations shall communicate to all the Members of the League and non-Member States mentioned in Article 25, all declarations and notices received in virtue of this Article.

Article 25.

The present Convention, of which the French and English texts shall both have equal force, shall bear this day's date, and shall, until the . . . be open for signature on behalf of any Member of the League of Nations, or of any non-Member State which was represented at the Conference of Geneva, or to which the Council of the League of Nations shall have communicated a copy of the Convention for this purpose.

The present Convention shall be ratified. The instruments of ratification shall be transmitted to the Secretary-General of the League of Nations, who shall notify their receipt to all Members of the League and to the non-Member States referred to in the preceding paragraph.

Article 26.

As from the . . . the present Convention may be acceded to on behalf of any Member of the League of Nations or any non-member State mentioned in Article 25.

The instruments of accession shall be transmitted to the Secretary-General of the League of Nations, who shall notify their receipt to all the Members of the League and to the non-member States mentioned in Article 25.

Article 27.

The present Convention shall enter into force, as regards the provisions of Articles 3 to 5, immediately upon the receipt by the Secretary-General of the League of Nations of ratification or accessions on behalf of not less than . . . Members of the League of Nations or non-member States, including all the exporting countries, and, as regards the remaining provisions, it shall come into force on the first day of January in the first year in respect of which estimates are furnished under the provisions of the articles above specified.

Article 28.

Ratifications or accessions received after the date on which Articles 3 to 5 of this Convention have come into force shall take effect as from the . . . day following the date of their receipt by the Secretary-General of the League of Nations, but shall not entail any obligation on the Member of the League of Nations or non-member State making the ratification or accession to furnish estimates for the year succeeding that in which the ratification or accession is made unless such ratification or accession is made prior to the first day of . . . .

Article 29.

After the expiration of five years from the date on which Articles 3 to 5 of this Convention have come into force, it may be denounced by an instrument in writing, deposited with the Secretary-General of the League of Nations. The denunciation, if received by the Secretary-General of the League of Nations, on or before the first day of July in any year shall take effect on the first day of January in the succeeding year, and if received after the first day of July shall take effect as if it had been received on or before the first day of July in the succeeding year, and shall operate only as regards the Member of the League or the non-member State on whose behalf it has been deposited.

The Secretary-General shall notify all the Members of the League and the non-member States mentioned in Article 25 of any denunciations received.

If, as a result of simultaneous or successive denunciations, the number of Members of the League and non-member States bound by the present Convention is reduced to less than . . . the Convention shall cease to be in force as from the date on which the last of such denunciations shall take effect in accordance with the provisions of this article.

Article 30.

A request for the revision of the present Convention may be made at any time by means of a notice addressed to the Secretary-General of the League of Nations. Such notice shall be communicated by the Secretary-General to the other parties to the Convention, and if endorsed by not less than . . . of them, a conference will be convened by the Council of the League for the purpose of revising the Convention.

Article 31.

The present Convention shall be registered by the Secretary-General of the League of Nations on the day of the entry into force of Articles 3 to 5 of this Convention.

IN FAITH WHEREOF the above-mentioned Plenipotentiaries have signed the present Convention.

DONE at Geneva . . . in a single copy, which shall remain deposited in the archives of the Secretariat of the League of Nations, and certified true copies of which shall be delivered to all the Members of the League and to the non-member States referred to in Article 25.

ANNEX TO THE CONVENTION

Regulations

CHAPTER I.

The regulations in this chapter shall apply in regard to the estimates to be furnished in accordance with Articles 3 to 5 of this Convention.

1. Every such estimate, whether relating to requirements for domestic consumption or conversion, shall be in the form from time to time prescribed by the Permanent Central Board set up under the Geneva Convention and communicated by the Board to the High Contracting Parties.

2. Every estimate relating to the requirements for domestic consumption or conversion of the countries on behalf of which it is made shall, however, show separately for each year in respect of which it is made:

In the case of all the High Contracting Parties:

(*a*) The requirements of that country in the matter of each narcotic drug for use as such whether in the form of (*i*) alkaloids or salts, (*ii*) preparations of alkaloids or salts, or (*iii*) preparations made direct from raw opium or the coca leaf. The amounts required under each of the above categories shall be shown separately:

(*b*) The amount of the reserve stocks of each narcotic drug intended for use as such for domestic consumption (*i*) which it is desired to maintain,

(*ii*) which it is estimated will exist in that country at the beginning of the year in respect of which the estimate is made.

In the case of a converting country:

The amounts of each narcotic drug which it is desired (*i*) to manufacture (*ii*) to import for purposes of conversion distinguishing the amount required in respect of each substance into which the drug is to be converted and the amount of the reserve stocks of any narcotic drug (*i*) which it is desired to maintain (*ii*) which it is estimated will exist in that country at the beginning of the year in respect of which the estimate is made and intended to be utilised for the purpose of conversion:

In the case of a country which is a manufacturing, but not an exporting, country;

The proportion of the consumption total for that country in the matter of each narcotic drug which it is proposed to manufacture internally.

3. Every estimate shall be accompanied by a statement explaining the method by which the several amounts shown in it have been calculated. If these amounts are calculated so as to include a margin allowing for possible fluctuations in demand the estimates should indicate the extent of the margin so included.

4. Every estimate shall reach the Permanent Central Board not later than August 1st in the year preceding that in respect of which the estimate is made.

5. Supplementary estimates shall be sent to the Permanent Central Board immediately on their completion.

6. Every estimate shall be examined by a competent authority constituted in the following manner:

. . . . . .

The competent authority may require any further details or explanations, except as regards requirements for government purposes, which it may consider necessary in respect of any country on behalf of which an estimate has been furnished in order to make the estimate complete or to explain any statement made therein, and may, with the consent of the Government concerned, amend any estimate in accordance with any explanations so given.

7. The competent authority shall also discharge the functions specified in Article 3, paragraphs 2 and 3, and Article 4, paragraph 2, of this Convention.

8. After examination by the competent authority as provided in paragraph 6 of this chapter of the estimates furnished by the Governments, and after the determination by that authority as provided in paragraph 7 of this chapter of the estimates for countries which have not furnished them, the Permanent Central Board shall forward through the Secretary-General of the League of Nations, (*a*) to each High Contracting Party and (*b*) to the Central Narcotics Office to be set up under the provisions of this annex, one or more statements as may be necessary showing:

(*i*) The amounts of the conversion and consumption totals for each country in respect of each narcotic drug with details as to how these totals are made up;

(*ii*) The home total for each country for each narcotic drug;

(*iii*) The world total for each narcotic drug;

(*iv*) The export total for each narcotic drug;

(*v*) The amounts of each narcotic drug to be manufactured for export in each exporting country being that country's proportion of the export total for that year.

The statement or statements shall reach the High Contracting Parties and the Central Narcotics Office not later than . . . in the year previous to that year.

9. Every supplementary estimate sent to the Permanent Central Board in the course of the year shall be dealt with by the competent authority and by the Committee in a manner similar to that specified in paragraphs 6 to 8 of this chapter, and, in particular, the Board will communicate to the High Contracting Parties in respect especially of each exporting country any revision of the figure of the export total and of the amounts to be manufactured for export in each exporting country which may be necessitated by such supplementary estimates.

CHAPTER II.

In the event of a new agreement concerning the proportions in which the export total is to be manufactured in the exporting countries being concluded under the provisions of Article 10 of this Convention and taking effect in the course of the year, or in any other case in which the Permanent Central Board may deem it necessary, the Board will communicate to the High Contracting Parties the revised amounts of the export total for that year to be manufactured by each exporting country.

CHAPTER III.

1. A Central Narcotics Office shall be established at . . . organised as follows . . . . . .

. . . . . .

2. The expenses of the Central Narcotics Office shall be defrayed by . . .

CHAPTER IV.

The following procedure shall apply in regard to the export including re-exports of any narcotic drug:

1. The manufacturer or trader who is in receipt of an order for the export of any narcotic drug shall notify the Central Narcotics Office of the receipt of such order.

2. The Central Narcotics Office will ascertain

by inspecting its records whether the execution of the order would cause the importation into the country concerned during the current year of an excess of the drug ordered over the aggregate of the amounts shown in the estimates for that country for that year, as constituting the home total for that drug, after deduction of any amount which, according to those estimates, will be manufactured in that country in that year.

3. The Central Narcotics Office will thereupon, as soon as possible and, if necessary, by telegram, issue a certificate to the manufacturer or trader to whom the order has been given stating according to the information contained in its records either:

(*i*) That the order may be executed, or,

(*ii*) That a proportion of the order may be executed stating what proportion, or,

(*iii*) That the order may not be executed.

In cases (*ii*) and (*iii*) the certificate shall give reasons for the statements made therein.

In all cases a copy of the certificate issued shall be sent to the Government of the country from which the export is to be made.

In the case of ex-import, for the purpose of re-export, the issue of a certificate shall be subject to the provision of Article 14 of the Convention.

4. Except as provided in paragraph 8 of this Chapter, no narcotic drug shall be exported or re-exported by any trader or manufacturer except upon receipt of, and in accordance with, the terms of a certificate supplied under paragraph 3 of this Chapter.

5. Applications from any manufacturer or trader for a certificate shall be dealt with by the Central Narcotics Office in strict order of priority.

6. The Central Narcotics Office shall be informed immediately the export takes place both by the exporter and the Government of the country from which it is made and the Central Narcotics Office shall also be informed immediately the order reaches its destination both by the consignee and the Government of the country of import.

7. In the event of any order in respect of which a certificate has been issued under the provisions of this chapter not being executed, either in whole or in part, or in the event of the return to the exporter of the whole or part of the narcotic drugs the subject of an executed order, the certificate issued in respect of such order shall be returned to the Central Narcotics Office as soon as possible for cancellation or amendment as the case may be. An amended certificate will, where applicable, be issued by the Central Narcotics Office.

8. The foregoing provisions of this chapter shall not apply in the following cases:

(*i*) Where the exporting country and the importing country are so distant from the place where the Central Narcotics Office is established that the application of these provisions would involve excessive delay in the fulfilment of the orders;

(*ii*) Where the supplies are made by the exporting country to one of its colonies, protectorates, overseas territories or territories under suzerainty or mandate;

Provided that:

(*i*) The quantities so exported during the year do not exceed . . .

(*ii*) The exports are reported immediately to the Central Narcotics Office.[1]

CHAPTER V.

1. Records shall be kept by the Central Office in a form to be approved by . . .

(*i*) Of the conversion and consumption totals for each country for each year in respect of each narcotic drug showing how these are made up;

(*ii*) Of the world total and export total for each year, and the actual amounts to be manufactured for export in each exporting country in each year;

(*iii*) Of all orders for the export or re-export of narcotic drugs in respect of which it has issued certificates, such orders to be classified according to whether the certificates permitted the execution of the order in whole, or in part, or refused permission to execute the order.

2. The records of the Central Office shall be open to inspection at any time by any officer duly appointed for that purpose either by the . . . of the League of Nations or by the Government of any High Contracting Party.

3. The Central Office will furnish to the Secretary-General of the League such returns, statements or information the Council may require.

ANNEX 10: DRAFT REPORT

[Sub-Committee A, 1924-1925 Conference—Objections to Limitation of Manufacture]

O.D.C./S.C. A/7.
February 2nd, 1925.

Sub-Committee "A" was appointed to consider that part of the task entrusted to the Second Conference which relates to the "limitation of the amounts of morphine, heroin and cocaine and their respective salts to be manufactured" and the Conference gave the Sub-Committee a general mandate to consider the suggestions which had been made, or might be made, to that end. In particular, the Conference referred to it the first part of the pro-

1. A suggestion has been made for consideration of the Conference that it might be desirable to simplify the procedure still further by allowing a similar exception for the export of medicinal preparations containing only a small proportion of the drugs subject to the condition that the export shall be immediately notified to the Central Narcotics Office.

posals which had been drawn up by the Opium Advisory Committee of the League of Nations at its meeting in August 1924 and which were adopted by the Conference at its first meeting as the basis of its deliberations, and the corresponding proposals in the scheme submitted by the United States Delegation, which was based upon, and largely in agreement with, the proposals of the Advisory Committee.

These proposals were examined very thoroughly by the Sub-Committee and a wide divergence of views was found to exist between the delegations of the countries mainly concerned in the manufacture of and commerce in these drugs.

It will be convenient to recall briefly the main points of the scheme of the Advisory Committee. At its meeting in 1923, at which it formulated the proposal for the holding of a Conference on the subject, the Committee reported "that the information obtained by the Committee concerning the manufacture of drugs was steadily increasing and seemed to make it possible now to form a rough estimate of the world's requirements. Suggestions were considered regarding the limitation of the manufacture of morphine, heroin and cocaine and the Committee reached the conclusion that it now seemed possible for the Governments of the producing countries to approach each other with a view to reaching a general understanding." With this object—that is, of securing a limitation in the amounts of the drugs manufactured and placed on the world's markets—the Advisory Committee, at its meeting in August 1924, made the following suggestions:

(*a*) Every country should frame, annually, an estimate of the amounts it would require to import in the following year for medical and scientific purposes of each of the substances covered by the Hague Convention, whether required for domestic consumption, for manufacture or for commerce.

(*b*) The Governments should undertake not to allow the importation of more than the quantities specified in their estimates unless in the course of the year they found it necessary to frame a revised estimate.

(*c*) The exporting countries should undertake that their exports to any country should not, together, exceed more than the amount estimated by that country.

(*d*) A Central Board should be constituted by the Council of the League. The Board should receive, at the beginning of each year, the estimates of the countries and, during the year, quarterly statistics of the imports and exports from and to each country, and should keep the Governments of the exporting countries informed when the imports into any particular country had reached the amount estimated.

(*e*) The Board should also have the important power of revising any estimate furnished by a Government which appeared to the Board "to be greatly in excess of the reasonable requirements of the country and to be likely to be used in part for the illicit traffic."

Strong objection was taken to these proposals by several delegations on various grounds, the principal of which were that Governments were not in a position at present to frame estimates, which could be regarded as binding, of their annual requirements; that in any case, owing to the fluctuations in the annual opium crop and the speculative character of the trade, it would always be impossible to frame in advance estimates of their requirements for manufacturing or commercial purposes; and that a limitation of the imports of a country to a definite figure would lead to attempts on the part of dealers to corner the markets and would entail a complete system of rationing. The delegations which held these views considered that a more pratical method of control would be to obtain the statistics of the trade in the drugs at the end of each year and to give the Central Board the duty of examining the statistics and calling attention to cases in which the figures appeared to indicate that excessive quantities were being imported and that there was a danger of a country being the centre of an illicit traffic.

The delegations which supported the scheme of the Advisory Committee pointed out in reply that, if reliance was to be placed on statistics which were only to be received after the close of the year in regard to the transactions in that year, no effective action could be taken by the Board to prevent illicit traffic, as the statistics would not be received at the best until many months after the event; that it would not be expected of the Governments, at any rate in the early years of the working of the scheme, that they should furnish exact estimates of their requirements; that, in the first instance, they would be able to allow a sufficient margin in their estimates to provide against a possible shortage, and would always be able, in the event of a shortage actually occurring, to forward a revised estimate, and that, as experience grew, the estimates would become more and more exact; that there was no reason why a Government in a year of abundant crop and low prices should not allow its traders and manufacturers to take advantage of it by laying in supplies for a longer period than the current year, a revised estimate being submitted for the purpose; and that any attempts on the part of dealers to corner the market and to raise prices woud be improbable as the trade in these particular drugs, in most cases, forms only a small part of their total business and would prejudice their other business, and in any case, such attempts could easily be countered by the Government, whose permission the dealers would require for carrying on the trade in these drugs.

Long discussions took place both in the Committee itself and in a small Committee of Five which was appointed with a view to finding a basis of agreement. The objections to the scheme of the Advisory Committee were maintained and it became evident that, if an agreement were to be reached, it would have to be on a different basis.

Eventually a compromise was reached on the following lines:

The establishment of a Central Board was retained, but with functions of a different character. Its main duty would be to keep a watch on the international traffic, to note where the drugs were going to, and to investigate the case of any country where quantities greatly in excess of its probable requirements were accumulating. To enable it to carry out its duties, it would be furnished, at short intervals, by each country with statistics of its imports from and exports to each country of each of the drugs. It would also be furnished at the beginning of the year with the estimates of the probable requirements of each country, but these estimates would not be binding on the country as under the Advisory Committee's scheme, but would be merely for the purpose of serving as a guide to the Central Board in carrying out its task. The Board would also have the power of asking for explanations from any country where the imports appeared to be excessive, and, if no satisfactory explanation were forthcoming, of calling the attention of all other Governments to the position and recommending that the exports to the country in question should cease until the Board was able to report that the situation in that country was satisfactory.

This scheme is embodied in the draft proposals which are submitted by Sub-Committee A for the consideration of the Conference and which are annexed to this report.

It will be observed that, under this scheme, no compulsion is placed upon any Government and that the powers of the Central Board are powers of enquiry and recommendation only. No country is compelled to cease either its imports or its exports of the drugs. The sanction behind the action of the Board will be a moral sanction only—the pressure of public opinion. The Board will publish its findings and the grounds on which they are based and will communicate them to the Council of the League and through the Council to all the Governments. The Board will take the decisive action of recommending the stoppage of exports to a particular country only when the case is perfectly clear, and in such a case it can hardly be doubted that responsible Governments which put their signatures to the new Convention will act in accordance with the recommendation. Should a Government not be prepared, however, to act on the recommendation, it will be required to inform the Central Board, and, if possible, to give its reasons. It was felt by one or two delegations that in some cases there might be political or other serious reasons for not stating the grounds of the decision of the Government. It is understood that such cases would be exceptional.

In order that every possible safeguard may be provided against the possibility of error or arbitrary action on the part of the Board, it is proposed in the scheme submitted to the Conference that a recommendation of the Board shall be made only if a clear majority of the whole number of the Board is in favour of it; that any country shall be entitled to be represented at a meeting of the Board when any question of action with regard to it under Article VI is being considered; that, where there is a division of opinion in the Board, the views of the minority shall also be stated in their report; and, finally, that any country shall have the right of appeal to the Council of the League against the decision of the Board.

The scheme now proposed is less drastic than the scheme proposed by the Advisory Committee, which was itself less drastic than the schemes of limitation put forward by certain countries in the Committee which was appointed by the Council of the League to prepare a programme for the Conference. The Sub-Committee believe, however, that the scheme they have elaborated will be a valuable instrument in checking the illicit traffic and securing the limitation of the manufacture of, and trade in, the drugs to medical and scientific requirements as provided for in the Hague Convention. The success of the scheme will depend on the active co-operation of the Governments in supplying the statistics and other material which will be required by the Board to enable it to carry out its duties.